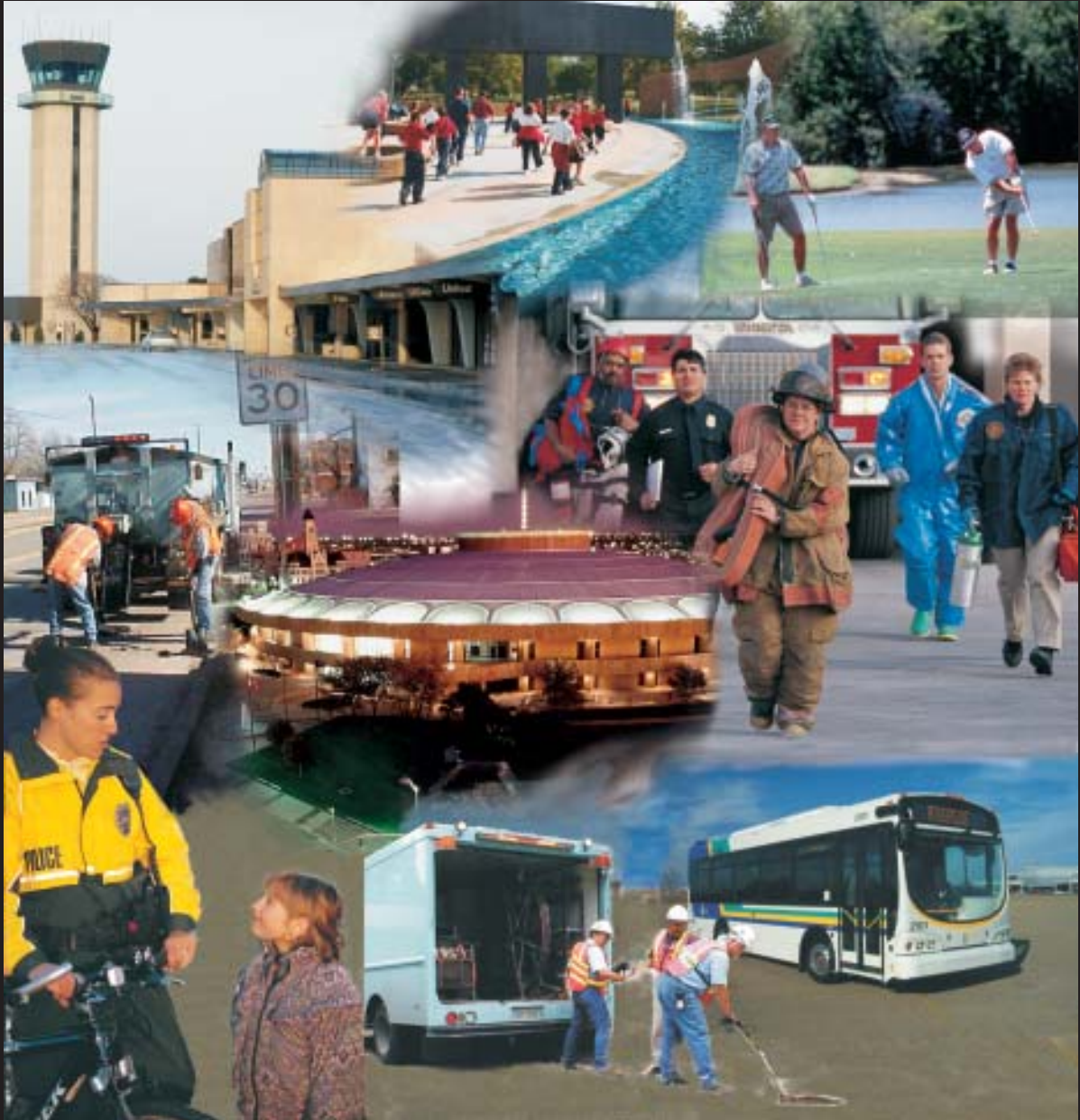




City of Wichita

www.wichita.gov



Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2005

City of Wichita, Kansas

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

Government Adopted 1917

Comprehensive Annual Financial Report

For the Year Ended December 31, 2005



CITY COUNCIL

Carlos Mayans, Mayor

Paul Gray, Vice Mayor (IV)

Carl Brewer, Council Member (I)

Sue Schlapp, Council Member (II)

Jim Skelton, Council Member (III)

Bob Martz, Council Member (V)

Sharon Fearey, Council Member (VI)

City Manager

George Kolb

Department of Finance

Kelly Carpenter, Director of Finance

Rob Raine, Assistant Director of Finance

Prepared by Controller's Office

Department of Finance

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2005

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal.....	i-vi
Certificate of Achievement.....	vii
Organization Chart	viii
Principal Officials.....	ix
 FINANCIAL SECTION	
Report of Independent Auditors.....	A – 1
Management’s Discussion and Analysis.....	A – 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	A – 13
Statement of Activities.....	A – 14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	A – 16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	A – 18
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	A – 20
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	A – 22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	A – 23
Balance Sheet – Proprietary Funds	A – 24
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	A – 28
Statement of Cash Flows – Proprietary Funds	A – 30
Statement of Fiduciary Net Assets – Fiduciary Funds	A – 34
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	A – 35
Notes to the Financial Statements.....	A – 36
 Required Supplementary Information:	
Schedule of Funding Progress:	
Wichita Employees Retirement System.....	A – 74
Wichita Police and Fire Retirement System	A – 74
 Combining and Individual Fund Statements and Schedules:	
<u>Governmental Funds:</u>	
Combining Balance Sheet – Nonmajor Governmental Fund Types	B – 1
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	B – 2
Combining Balance Sheet – Nonmajor Capital Projects Funds	B – 6
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Nonmajor Governmental Fund Types	B – 9
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	B – 10
Combining Statement of Revenues Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	B – 14
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis):	
General Fund.....	B – 16
Special Revenue Funds:	
Tourism and Convention Promotion Fund.....	B – 20
Downtown Trolley System Fund	B – 21
Special Alcohol Program Fund	B – 22

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2005

TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)	Page
Combining and Individual Fund Statements and Schedules: (continued)	
Special Revenue Funds: (continued)	
Special Parks and Recreation Fund.....	B – 23
Ice Rink Management Fund.....	B – 24
Landfill Fund.....	B – 25
Landfill Post Closure Fund.....	B – 26
Central Inspection Fund.....	B – 27
Economic Development Fund.....	B – 28
Sales Tax Construction Pledge Fund.....	B – 29
Property Management Operations Fund.....	B – 30
State Office Building Fund.....	B – 31
Gilbert /Mosley TIF District Fund.....	B – 32
North Industrial Corridor TIF District Fund.....	B – 33
East Bank TIF District Fund.....	B – 34
Old Town TIF District Fund.....	B – 35
21 st and Grove TIF District Fund.....	B – 36
Central and Hillside TIF District Fund.....	B – 37
Old Town Cinema TIF District Fund.....	B – 38
Main and Murdock TIF District Fund.....	B – 39
Self Supporting Municipal Improvement District Fund.....	B – 40
City/County Flood Control Fund.....	B – 41
City/County Metropolitan Planning Fund.....	B – 42
Art Museum Board Fund.....	B – 43
Debt Service Fund.....	B – 44
<u>Enterprise Funds:</u>	
Combining Balance Sheet – Nonmajor Enterprise Funds.....	C – 1
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	C – 2
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	C – 3
Schedule of Budgetary Accounts:	
Water Utility Fund.....	C – 5
Sewer Utility Fund.....	C – 6
Storm Water Utility Fund.....	C – 7
<u>Internal Service Funds:</u>	
Combining Balance Sheet.....	D – 2
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	D – 4
Combining Statement of Cash Flows.....	D – 6
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Self Insurance Funds.....	D – 10
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Information Technology Fund.....	D – 11
Fleet and Buildings Fund.....	D – 12
Stationery Stores Fund.....	D – 13
Self Insurance Fund.....	D – 14
<u>Fiduciary Funds:</u>	
Combining Statement of Net Assets – Pension Trust Funds.....	E – 1
Combining Statement of Changes in Net Assets – Pension Trust Funds.....	E – 2
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	E – 3

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2005

TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)	Page
Combining, and Individual Fund Statements and Schedules: (continued)	
<u>Component Unit:</u>	
Statement of Cash Flows – Wichita Public Building Commission	F – 1
<u>Additional Information:</u>	
Combined Schedule of Changes in Bonds Payable.....	G – 1
Reconciliation of Bonds Payable	G – 1
Summary of Debt Service Charges to Maturity:	
General Obligation Bonds Payable	G – 2
General Obligation Bonds Payable from Proprietary Fund Revenues	G – 3
Revenue Bonds Payable.....	G – 4
Schedule of Insurance in Force	G – 6
STATISTICAL SECTION	
General Government Revenues by Source	H – 2
General Government Expenditures by Function.....	H – 2
Tax Levies and Collections	H – 4
Special Assessment Levies and Collections	H – 4
Assessed Value and Estimated True Value of All Taxable Tangible Property	H – 5
Tax Rates	H – 5
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Government Expenditures.....	H – 6
Schedule of Legal Debt	H – 7
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	H – 8
Computation of Direct and Overlapping Bonded Debt.....	H – 10
Schedule of Water Utility Revenue Bond Coverage.....	H – 12
Schedule of Sewer Utility Revenue Bond Coverage	H – 12
Principal Taxpayers	H – 13
Demographic Statistics	H – 14
Bank Deposits and Construction Activity.....	H – 14
SINGLE AUDIT SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	I – 1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program, the Passenger Facility Charge Program and Internal Control Over Compliance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide	I – 3
Schedule of Expenditures of Federal Awards.....	I – 6
Notes to the Schedule of Expenditures of Federal Awards.....	I – 8
Schedule of Passenger Facility Charges	I – 10
Notes to the Schedule of Passenger Facility Charges	I – 11
WATER & SEWER UTILITIES	
Message to the Bondholders	J – 1
Water & Sewer Utility Statistics.....	J – 3
Water & Sewer Utility Revenue Schedule.....	J – 4
Water & Sewer Utility Combined Balance Sheet.....	J – 5
Water & Sewer Utility Combined Statement of Cash Flows.....	J – 6
Water & Sewer Utility Combined Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	J – 7
Notes to Water & Sewer Combined Statements	J – 8

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— INTRODUCTORY SECTION —



Department of Finance
Controller's Office
City Hall – Twelfth Floor
455 North Main
Wichita, Kansas 67202

April 21, 2006

To the Honorable Mayor, City Council and Citizens of
the City of Wichita, Kansas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wichita for the year ended December 31, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component unit.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unqualified opinion on the City of Wichita's financial statements for the year ended December 31, 2005. The independent auditor's report is located on page A-1 in the Financial Section of this report.

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of federal Office of Management and Budget Circular A-133. The auditor's reports related specifically to the single audit are included in the Single Audit Section. The audit for the year ended December 31, 2005, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Management's discussion and analysis (M D & A) immediately follows the independent auditor's report and provides an introduction, overview and analysis of the basic financial statements. M D & A complement this transmittal letter and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The City of Wichita is the largest city in Kansas, population 353,115, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is approximately 150 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component unit provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The City Council is required to hold public hearings on a proposed budget and adopt a budget no later than August 25 of each year. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

The Budget Process: The City of Wichita actually produces three operating budgets: 1) revising the current year budget; 2) proposing a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments provide information on operations (financial and performance objectives) and identify changing needs for services. The information is reviewed by Strategy Teams with the Teams' recommendations presented to the City Manager and to the City Council in a workshop setting for discussion and Council feedback. Department directors also separately present budget submissions to the City Manager. Presentations are made to the District Advisory Board of each Council District, providing opportunities for citizen participation in the formulation of the budget as well.

The Finance staff reviews service plans and service enhancement plans and prepares financial analysis for the City Manager. Following the City Council workshop, the City Manager reviews the budget options and directs the Finance staff on development of a recommended budget. The recommended budget is presented to the City Council and to the District Advisory Boards in July. The Council holds public hearings on the proposed budget in July and August prior to adoption of a final budget no later than August 25.

Budgetary Control: The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. As demonstrated by statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual

budget has been adopted. For the general fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report which starts on B-1.

THE LOCAL ECONOMY¹

Economic recovery continues with employment up 0.6 percent in 2005. Manufacturing, and the professional and business service sectors led employment gains with employment losses in many other sectors. Aviation manufacturing has driven much of the employment growth. Total wage and salary employment increased 0.6 percent in 2005 as well, with the number of initial claims filed for unemployment insurance declining 12.3 percent. The unemployment rate is down from 6.2 percent in 2004 to 5.6 percent in 2005.

While manufacturing employment is growing, all three of the general aviation manufacturers in Wichita have moved their harness work to Mexico. The wholesale and retail trade sectors are projecting growth of 0.6 percent, the first growth in seven years. The leisure and hospitality services sector, the information technology sector and the financial information sectors are projecting stable employment, while the professional and business services sector is estimating job growth of 4.8 percent in 2006.

Employment grew in the education and health care sector in 2005 and is projected to grow even stronger in 2006. In June, IBM announced it was donating \$5 million in computer software and training materials to the Kansas Institute for Technical Excellence. In October, Wichita State University announced that the W. Frank Baron School of Business received an \$8.5 million gift, and in November Cisco Systems Inc. announced a multimillion dollar research grant partnership with Wichita State University. In 2005, the Kansas Board of Regents approved tuition increases for all of its seven regents universities with an 8.3 percent increase slated for Wichita State University in 2006.

Impacting the local economic environment in 2005 was the sale of Boeing Wichita's commercial aircraft operations to Onex Corp., a Canadian company. The sale created a new company, Spirit AeroSystems, which continued employment for 8,300 employees. Approximately 3,700 employees remain with the newly named Boeing Co. Integrated Defense System in Wichita. Honeywell International consolidated its two Wichita operations at a new \$8 million facility at Wichita Mid-Continent Airport and CarMax opened a 46,000 square foot store and service center. New retail developments, such as NewMarket Square and the Waterfront, added tenants, and Gander Mountain was the first WaterWalk store to open. Less positive impacts on the local economy included the closure of Yellow Roadway's Wichita terminal, the closure of Circuit City's east Wichita store, and the closure of the McLane Co. service call center.

Overall, the projections indicate that economic growth, though modest, can be anticipated in 2006.

¹ The economic analysis has been provided by the Center for Economic Development and Business Research, Wichita State University (CEDBR).

CITY BUSINESS AND FINANCIAL PLAN

The City routinely revises the current year budget, then issues a two-year operating budget to identify trends that may extend beyond the statutorily mandated one-year budget. Additionally, the City prepares a ten-year capital budget to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

The City manages its finances with a long term perspective. With the knowledge that an economic downturn was likely, the City took action to lower costs beginning in fiscal 2001, so that cash reserves were increased as a cushion against expected losses in 2002 and 2003. The positive change in cash reserve allowed continuation of essential services without a tax increase during a period of revenue shortfall. As a result, the 2004, 2005 and 2006 budgets did not require a mill levy increase, though actual levies fluctuated slightly with changes in assessed valuation. As the City emerges from the economic downturn, cash balances in excess of target are utilized to cash fund projects to reduce borrowing costs and preserve debt capacity for future generations.

Under a comprehensive, written investment policy, the City manages a pooled funds investment program for all cash not otherwise restricted. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's insurance, self-insurance, and safety programs are funded and administered through the City's Risk Management office. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Wichita Housing Authority, Art Museum, and Wichita Public Building Commission maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

The City contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. At the close of 2005, the Wichita Employees' Retirement System's actuarially accrued pension liability was 110.6 percent funded and the Wichita Police and Fire Retirement System's actuarially accrued pension liability was 99.7 percent funded. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

RELEVANT POLICY CHANGES

The Kansas State Legislature is considering action to eliminate the personal property tax on newly acquired industrial machinery and equipment. The proposal includes a clause that would reimburse local municipalities fully for the loss in local revenue until 2008, then phaseout the reimbursement with a 20 percent annual reduction through 2012. The full impact is estimated to be equivalent to seven mills in local property tax on a statewide average. Elimination of the tax will challenge the City's long standing policy of maintaining a flat mill levy.

The Kansas State Legislature is also considering action on the eminent domain process, a mechanism that is used by cities and counties to acquire property for public purposes at a fair market price. Current legislative proposals would require Legislative approval of the use of eminent domain for economic development purposes, and would significantly increase the cost of private properties to a point that public development would be deterred or become cost prohibitive. The elected body and staff of the City are monitoring legislative developments to respond and plan accordingly.

Since 2002, the City of Wichita has provided incentives averaging \$1.5 million per year to retain low cost

air carriers at Wichita's Mid-Continent Airport. In 2005, Sedgwick County committed \$1.0 million and the 2006 Kansas Legislature voted to create a \$5 million Kansas Affordable Airfare Fund to provide funding to keep airfares low out of Wichita's Mid-Continent Airport. The Governor must yet sign the bill and the Legislature must appropriate funds. A successful action is expected without controversy.

Also in 2006, the Kansas Legislature made changes to municipal banking law, expanding the investment options of local municipalities. Local units of government were granted authorization to invest their active and idle funds in banks or savings and loans, if the bank or savings and loan maintains a branch in the taxing district of the government unit investing the funds. The change will allow the City to be more aggressive in obtaining a higher rate of return while still meeting the criteria of the City's Investment Policy.

MAJOR INITIATIVES

Culminating eight years of research and planning, in 2006 the Water Utility will begin construction of the piping and pumping network to recharge the underground aquifers, an important element in the 50-year water supply plan.

Major freeway construction continues and is underway on the eastern segments of U.S. 54 which bisects Wichita.

The elevation of the rail tracks that run north-south through the City has begun. The rail elevation project is a major undertaking in conjunction with the Union Pacific/Burlington Northern Railways and the State and Federal Departments of Transportation.

The 2004 groundbreaking of the WaterWalk, a retail and entertainment development adjacent to the City's major convention facilities held the grand opening of its first store, Gander Mountain. The project continues and is enhanced with the Arkansas River corridor improvements linking the convention and WaterWalk district to the museum district with amenities including bicycle and walking paths.

The City is exploring options for developing the West 21st Street corridor, an industrial area and developing the neighboring retail area into an international marketplace.

Private and public investment continues in the Old Town Area, spurred further by Sedgwick County's planned construction of the 15,000 seat arena, scheduled to be opened in 2008.

The initiatives are made possible through accurate operational and good long-term planning, prudent financial management and effective implementation.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. The 2004 award represents the 32nd consecutive year that the City of Wichita's comprehensive annual financial report earned this award.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its Pension Trust Fund CAFR for the fiscal year ended December 31, 2004. The 2004 award represents the 6th consecutive year that the City of Wichita's CAFR for pension funds earned the recognition.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current comprehensive annual financial report continues to meet Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, The City of Wichita has received, for the 17th consecutive year, the GFOA's Outstanding Budget Presentation Award for its 2005 budget document. The award is the highest form of recognition in governmental budgeting. In order to receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communications device. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2002. The City Council adopted a revised investment policy in December 2005. We believe the new policy will also meet the Certificate of Excellence requirements and we are submitting it to determine its eligibility for another award. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to its preparation. The City Manager and elected members of the City governing body are also due credit for their continued interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Kelly Carpenter
Director of Finance



Rob Raine
Assistant Director of Finance



Carol McMillan
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

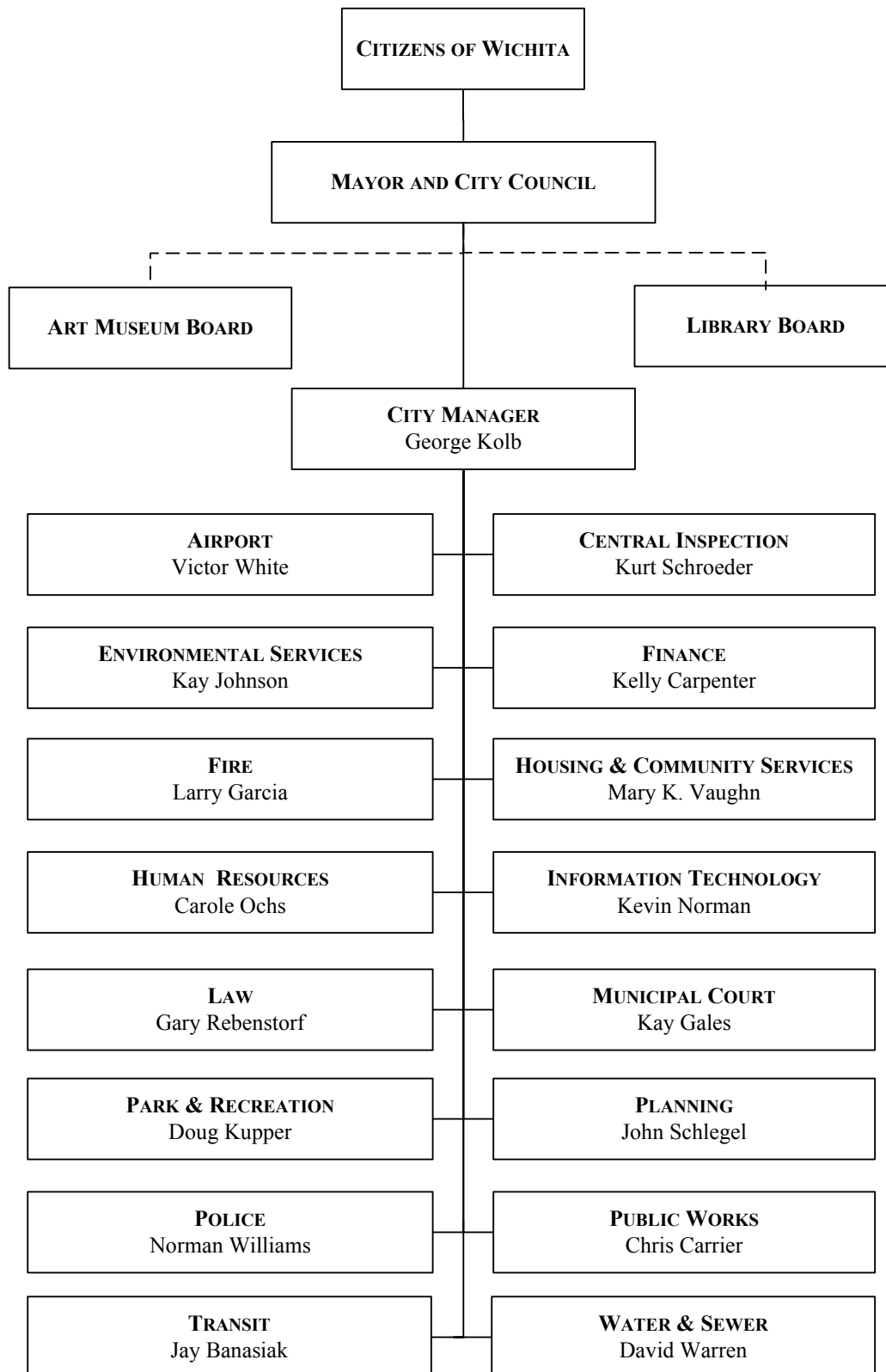


Carla E. Perry

President

Jeffrey R. Egan

Executive Director



CITY COUNCIL MEMBERS

Carlos Mayans	Mayor	268-4331
Carl Brewer	Vice Mayor (I)	268-4331
Sue Schlapp	Council Member (II)	268-4331
Phil Lambke	Council Member (III)	268-4331
Paul Gray	Council Member (IV)	268-4331
Bob Martz	Council Member (V)	268-4331
Sharon Fearey	Council Member (VI)	268-4331

CITY OFFICES

City Manager	268-4351	George Kolb, City Manager
Assistant City Manager	268-4351	Cathy Holdeman, Assistant City Manager
Assistant City Manager	268-4351	Scott Moore, Assistant City Manager
Airport	946-4700	Victor White, Director
Art Museum	268-4921	Charles Steiner, Director
Central Inspection	268-4460	Kurt Schroeder, Superintendent
Finance	268-4300	Kelly Carpenter, Director
Fire	268-4451	Larry Garcia, Fire Chief
Environmental Services	268-8351	Kay Johnson, Director
Housing & Community Services	462-3795	Mary K. Vaughn, Director
Human Resources	268-4531	Carol Oches, Director
Information Technology	268-4531	Kevin Norman, Interim Chief Information Officer
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director
Municipal Court	268-4611	Kay Gales, Court Administrator
Park & Recreation	268-4398	Doug Kupper, Director
Planning	268-4425	John Schlegel, Director
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Chris Carrier, Director
Transit	352-4802	Jay Banasiak, General Manager
Water and Sewer	268-4504	David Warren, Director

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—— FINANCIAL SECTION ——

Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
(316) 267-7231 • FAX (316) 267-0339

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, Water and Sewer

Section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Water and Sewer Section, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2006
Wichita, Kansas

This discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2005. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

Financial Highlights

- ⇒ The City's net assets increased \$64.1 million during the fiscal year ending 2005.
- ⇒ The cost of governmental activity was \$330.6 million. The amount paid by taxpayers through property and sales tax was \$130.8 million or 39.5 percent. The amount paid from intergovernmental resources was \$87.9 million or 26.6 percent.
- ⇒ Long-term liabilities in the governmental activities decreased by \$14.0 million.
- ⇒ Long-term liabilities in the business type activities increased \$38.7 million as the Water and Sewer Utilities completed long-term financing of cash funded projects.
- ⇒ The General Fund, on a budgetary basis, reported \$867,844 in revenue and other financing resources in excess of expenditures and other uses.
- ⇒ On December 31, 2005, the General Fund reported a budgetary fund balance of 12.9 percent of the following year's budget.
- ⇒ The City maintains a positive bond rating and a progressive capital improvement program.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical and Water and Sewer. The Water and Sewer section provides specific information for water and sewer revenue bond holders.

The City presents two kinds of statements, each providing a different snapshot of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The *statement of activities* reports how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities), and from the City's component unit, the Wichita Public Building Commission. Governmental

activities of the City include public safety, culture and recreation, public works, environmental health, housing and highways and streets. Business-type activities include the City's water, sewer, airport and transportation activities.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-18 and A-22. Primary differences are the impact of accounting for capital assets and their long term financing.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered to be major funds. Information on the other 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements found beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23 to demonstrate compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.

- *Proprietary funds* account for services for which the City charges customers a fee and include both enterprise and internal services funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for Water and Sewer, Airport, Golf, Storm Water, and Transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology, office supplies, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Airport funds all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-13 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.

- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other information* – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional information in the sections titled *Additional Information*, *Statistical Section* and the *Single Audit Section*.
- *The Water and Sewer Section* provides for the specific informational needs of the Water and Sewer Revenue Bondholders.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net assets of the Primary Government. Over time, net assets can serve as a useful indicator of the City's financial position. The net assets of the City of Wichita increased \$64.9 million during the 2005 fiscal year. Approximately 65 percent of the City's net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses the capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$63.8 million and may be used to meet the government's ongoing obligations.

The \$54.1 million increase in net assets in business-type activities includes significant increases in both the Water and Sewer Utilities and the Airport. System improvements and expansions represent the increases in the Utilities. Finalization of the 450,000 Citation Service Center project, which was constructed in 2004, resulted in a combined \$19 million capital contribution from private contributors and from the City's governmental funds to support the economic objective of creating 800 new jobs.

Capital asset increases in the governmental activities consist largely of street improvements and investments in the WaterWalk development, a retail and entertainment complex adjacent to the City's convention center. The City has also invested in improvements along the Arkansas River bank connecting the WaterWalk to the City's museum district.

Net Assets – Primary Government
As of December 31, 2005
(with comparative totals for December 31, 2004)
(in millions of dollars)

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 521.3	\$ 540.0	\$ 186.6	\$ 166.7	\$ 707.9	\$ 706.7
Capital assets	870.2	850.2	961.0	881.6	1,831.2	1,731.8
Total assets	1,391.5	1,390.2	1,147.6	1,048.3	2,539.1	2,438.5
Long-term liabilities	423.1	437.1	358.2	319.5	781.3	756.6
Other liabilities	235.5	230.3	33.5	26.9	269.0	257.2
Total liabilities	658.6	667.4	391.7	346.4	1,050.3	1,013.8
Net assets:						
Capital assets, net of debt	376.6	370.2	664.1	625.3	1,040.7	995.5
Restricted	327.7	338.0	56.6	51.0	384.3	389.0
Unrestricted	28.6	14.6	35.2	25.6	63.8	40.2
Total net assets	\$ 732.9	\$ 722.8	\$ 755.9	\$ 701.9	\$ 1,488.8	\$ 1,424.7

Table 1 continued on next page

Table 1 (continued)
Net Assets – Wichita Public Building Commission
As of December 31, 2005
(with comparative totals for December 31, 2004)
(in millions of dollars)

	2005	2004
Current and other assets	\$ 31.8	\$ 34.8
Capital assets	-	-
Total assets	31.8	34.8
Long-term liabilities	26.6	29.5
Other liabilities	5.2	5.3
Total liabilities	31.8	34.8
Net assets:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
Total net assets	\$ -	\$ -

The City's expenses totaled \$439.2 million with the combined expenses of the business-type activities representing 24 percent of the total expenses. Within the governmental activities, public safety and highways and streets each represent approximately 23 percent of the City's total expenditures, consistent with past years. Overall, the City's total 2005 expenses were 2.5 percent above those of 2004, with governmental activities increasing 1.8 percent and the business-type expenses increasing 4.6 percent.

Combined program revenue decreased 7.1 percent in 2005. Increased storm water and sewer rates provided revenue growth, as did the increased volume of water sales in the business type activities. Capital grants and contributions declined in governmental activities in the absence of issuing bonds to be paid from special assessments, however, charges for services and operating grants in the governmental activities averaged an increase of 5.7 percent in 2005.

General revenues, which are taxes, franchise fees, interest earnings and other miscellaneous income, increased by 3.8 percent with the greatest increase in investment earnings, reflecting the capture of increasing market

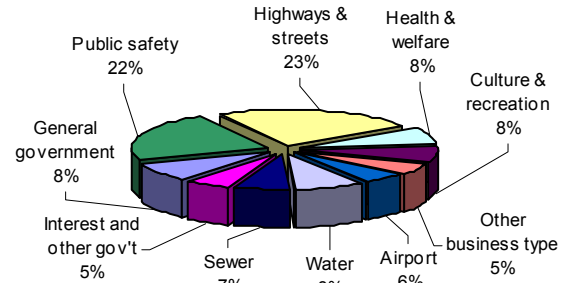
interest rates. Though the City has continued a long-standing policy of maintaining a flat mill levy, growing property values provided 3.6 percent more in property tax revenue than in 2004.

Governmental Activities. Major sources of revenue of the governmental activities continue to be property and sales taxes, as illustrated in the accompanying graph. Governmental activities increased the net assets of the City by \$10.9 million. Table 2 provides a comparison between the revenues and expenses of fiscal years 2004 and 2005.

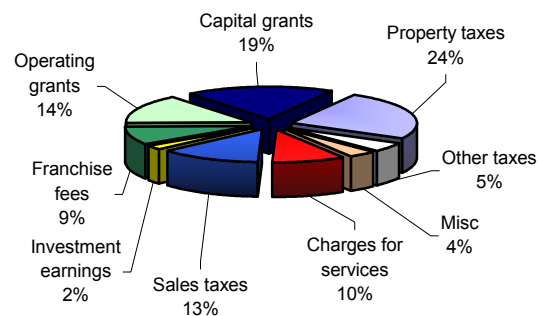
Governmental expenses in fiscal 2005 increased over those in 2004, while total governmental revenues decreased. The primary revenue increase was from growth in investment earnings. While operating grants increased 3.6 percent capital grants and contributions, which include revenues dedicated for special projects and curb-to-curb maintenance (gas tax) decreased by 42 percent. The decline in revenue dedicated to capital reflects a reduction in special assessment projects in fiscal 2005. The amount paid by taxpayers through sales and property taxes totaled \$130.8 million or 39.5 percent comparable to prior years.

Business-type Activities. The Water and Sewer Utilities are the largest business-type activity funds of the City of Wichita. Capital improvements have required significant outlays placing pressure on rates. Water and Sewer rates increased three percent in each of the last four years with an additional 4 percent water increase in 2004 for taste and odor treatment. Water rates did not increase in 2005, however a three percent increase for sewerage was implemented for

2005 Expenses of the Primary Government



2005 Revenues by Source
Governmental Activities



MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2005

CITY OF WICHITA KANSAS

2005. Currently the City has a water supply plan in place to support growth and development through 2050 and is making capital investments in securing that future water supply.

City of Wichita
Changes in Net Assets
For the Year Ended December 31, 2005
(with comparative totals for year ended December 31, 2004)
(in millions of dollars)

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 33.7	\$ 30.9	\$ 94.8	\$ 88.3	\$ 128.5	\$ 119.2
Operating grants and contributions	50.7	48.9	4.1	3.1	54.8	52.0
Capital grants and contributions	67.8	116.4	47.1	31.9	114.9	148.3
General revenues						
Property taxes	85.6	82.6	-	-	85.6	82.6
Sales taxes	45.2	44.7	-	-	45.2	44.7
Franchise fees	30.7	29.5	-	-	30.7	29.5
Other taxes	17.2	16.7	-	-	17.2	16.7
Investment earnings	8.3	5.7	6.2	5.6	14.5	11.3
Miscellaneous	12.3	13.3	0.5	0.2	12.8	13.5
Total revenues	351.5	388.7	152.7	129.1	504.2	517.8
Expenses						
General government	36.8	45.1	-	-	36.8	45.1
Public safety	98.0	94.0	-	-	98.0	94.0
Highways and streets	104.6	96.8	-	-	104.6	96.8
Sanitation	2.7	1.7	-	-	2.7	1.7
Health and welfare	33.8	35.9	-	-	33.8	35.9
Culture and recreation	33.8	32.1	-	-	33.8	32.1
Interest on long-term debt	20.9	19.1	-	-	20.9	19.1
Water	-	-	34.4	32.3	34.4	32.3
Sewer	-	-	29.3	27.0	29.3	27.0
Storm Water	-	-	4.1	4.0	4.1	4.0
Golf	-	-	4.6	4.4	4.6	4.4
Airport	-	-	24.3	25.3	24.3	25.3
Transit	-	-	11.9	10.8	11.9	10.8
Total expenses	330.6	324.7	108.6	103.8	439.2	428.5
Excess before prior period adjustments and transfers	20.9	64.0	44.1	25.3	65.0	89.3
Prior period adjustment	(0.8)	0.4	-	-	(0.8)	0.4
Transfers	(10.0)	(0.6)	10.0	0.6	-	-
Increase in net assets	\$ 10.1	\$ 63.8	\$ 54.1	\$ 25.9	\$ 64.2	\$ 89.7

The Airport Fund accounts for activities of Mid-Continent, a commercial service airport and Jabara, a general aviation reliever airport. Fourteen carriers serve Mid-Continent Airport. AirTran Airways continues as the City's eastbound low-cost carrier, while Allegiant Air provides low-cost services directly to Las Vegas. The City has identified the need for an additional westbound low-cost carrier.

In 2003, Mid-Continent Airport was recognized as one of the fastest growing airports in the nation, with a record number of passengers using the airport. The majority of the increased passenger load has been sustained through 2005, accomplished through subsidies to low-fare carriers and through community programs committing support to the low-fare carriers. Additional acreage was acquired to improve entrance to airport, provide additional runway protection, as well as provide for future development of both Mid-Continent and Jbara Airports. A 435 stall remote parking lot has been constructed which provides door-to-door shuttle service to the terminal building. In addition, two new facilities were completed in 2005 at Mid-Continent Airport; both were constructed with direct financing leases by private entities.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. Federal and state funding has remained relatively stable for public transportation providing for the replacement of 75 percent of the buses since 2001. Transit continues to update the fleet as resources allow. Transit also operates a fleet of para-transit vans, replaced on a rotating basis with federal and state grant funds. A new transit operations center was placed in service in 1999, with computerized scheduling for para-transit service implemented in 2002, and electronic fareboxes in 2003. The Transit operation, free of long-term debt, remains well positioned for the future.

The City operates five golf courses with an estimated 200,000 rounds of golf played annually. The City's newest golf course, Auburn Hills, has been in operation for four years and is ranked as one of the top ten public courses in Kansas. Operational restructuring has been implemented at several of the courses to maintain a quality attraction with a fee structure that encourages golfing as a leisure activity. Overall, golf play has been down, and with the restructuring investment, the finances of the golf course system have been stressed. To spur play, the City has initiated promotional activities and continues to groom young golfers through a junior golf program.

The Storm Water Utility is funded from fees paid by property owners and in past years, has been subsidized by the General Fund. The subsidies were on a phase-out schedule, with 2005 being the final year of subsidy. Currently the utility operates and maintains eight pump stations to move excess surface water from heavy rains. Additional pump stations will be added in conjunction with new development and redevelopment projects as needed. The utility maintains existing drainage systems, investigates drainage problems, is responsible for the design and construction of drainage projects, and monitors construction sites to ensure compliance with the Storm Water Pollution Prevention Ordinance.

ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds reported a combined fund balance at year-end of \$122.9 million, a decrease of \$37.7 million in 2005. Reservations of the fund balances for inventories, encumbrances and prepaid items totaled \$119.3 million. The unreserved portion represents the resources available for spending on December 31, 2005.

The most notable decreases were in the Street Improvement and other capital project funds, a result of timing of project expenditures and an increase in projects funded with temporary notes pending permanent financing upon completion. The Debt Service Fund also reflects a planned decrease in fund balance as available cash was utilized to fund projects in lieu of long-term financing.

Included in the capital projects are three major investments of the City; the continuation of street improvement program; the continuation of construction of the WaterWalk shopping and entertainment development on the Arkansas River bank, the results of a private/public partnership, and the railroad overpass project which will elevate the railroad tracks through the center of the City to facilitate improved traffic flow and safety. In addition, the City has Arkansas River corridor improvements underway connecting the WaterWalk district to the museum district. Numerous other economic development projects are ongoing through both public and private/public partnerships, including the streetscape refurbishment of the historic Delano district.

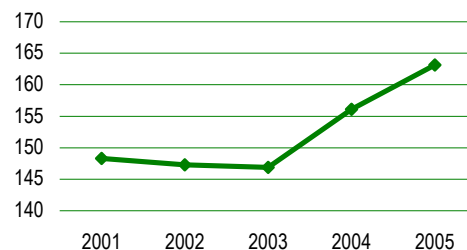
The General Fund is the major operating and taxing fund for the City of Wichita. At the close of 2005, the unreserved fund balance of the General Fund was \$22.9 million compared to \$22.0 million at the close of 2004.

Major revenue sources in the General Fund are:

- Property taxes, which increased \$1.6 million under a long standing policy of maintaining a flat mill levy.
- The City's portion of the local sales tax remained stable, generating \$221,029 more in 2005 compared to 2004.
- Franchise fees from the communication industry continues to decline with the growth of wireless technology. Higher natural gas prices, however, yielded a 3.9 percent overall growth in franchise fees above 2004.
- Intergovernmental revenue remains flat and absent state demand transfers which ceased in late 2002. The impact in the first full year (2003) without demand transfers was a reduction in intergovernmental revenue of \$5.0 million, from \$20.9 million in 2002 to \$15.9 million in 2003, \$16.5 million in 2004 and \$16.9 million in 2005. Since 2002, the intergovernmental transfers from the State consist of liquor (\$1.4 million in 2005) and gas tax. (\$15.4 million in 2005).
- Market conditions reflect improved interest earnings. Earnings on investments were \$3.8 million in 2005, compared to \$3.2 million in 2004.

General Fund expenses, excluding transfers, totaled \$157.7 million, \$6.5 million above 2004. Throughout the economic recovery and with the suspension of demand transfers from the state, the City has carefully evaluated expenses, deferring expenditures where possible in response to the revenue shortfall. As a result, the General Fund maintained a strong cash position, continued essential services expanded funding of economic development initiatives and restored funding to areas of service in critical need. Subsidies to other funds for services and transfers for discretionary programs continue to be re-evaluated and re-prioritized.

General Fund Revenue
(transfers excluded)
for fiscal years 2001 through 2005



The Debt Service Fund carried a fund balance of \$57.3 million at year-end, down from \$65.9 million at the close of 2005 largely due to the programmed cash funding of projects in lieu of securing long-term financing. At the close of 2005, \$25.2 million was held in escrow dedicated to defeasement of debt in a crossover refunding bond sale in 2004, compared to \$45.5 million last year. The remaining fund balance is dedicated for the payment of debt service first, with funds in excess of the target dedicated directly to the Capital Improvement Program.

Proprietary Funds: The Water and Sewer Utilities have been investing in improvements to existing capital and expanding the systems. Capital projects are temporarily financed from available cash in the Utilities and permanently financed with revenue bonds. The Utilities sold revenue bonds in 2005, replenishing their cash reserves and increasing the long-term debt. In addition, the Utilities completed the refunding of old debt to capture lower market interest rates and reduce the overall cost of debt service. Operating income in both utilities remained strong, stable and comparable to 2004.

The Airport Fund is in the early stages of capital expansion. A program manager has been selected to plan and construct a new terminal with a target completion date of 2010. During 2005, the passenger facility charge was increased from \$3.00 to \$4.50 to support the capital program at Mid-Continent Airport, reflected in growing cash reserves. Cash and temporary investments at the close of 2004 were \$14.1 million compared to \$16.6 million at the close of 2005. The new debt of the Airport Fund (\$7.3 million) is in the form of special facility revenue bonds, secured by the revenue stream of the direct financing leases.

The operating expenses of the Transit Fund increased \$850,770 or 8 percent. Increased maintenance costs reflect the majority of the increase resulting from the bus fleet falling outside the warranty period, while growth in fuel costs reflects the continued high market price of fossil based fuels. Fuel costs in 2005 were 46 percent, or \$341,549, above those of 2004. The Transit Fund was also impacted by settlement of liability claims in 2005 in excess \$300,000, as well.

Revenue from operations increased 10 percent in 2005, consistent with reported higher ridership. The Fund's revenues have been stable, receiving approximately 50 percent of its revenue from state and federal grants and 30 percent of its revenue from local subsidies, with the balance from operations.

The Storm Water Utility increased the billing rate beginning in 2005 reflected in the increased charges for services. The new revenue is intended for capital improvements. Non-cash capital contribution of \$7.9 million was the most significant element in

the \$10.8 million increase in net assets. The non-cash capital contributions reflect the spreading of special assessments to property owners in the benefit districts for completed improvement projects, accompanied by the finalization of long-term financing.

The Golf Fund revenue remained flat in 2005, with operating expenses increasing 6.5 percent. The growth in operating expenditures can largely be attributed to the financial and operating re-structuring of several courses, completed to yield increased operational control and increased revenue in subsequent years. In order to accomplish the restructuring, an interfund loan was recorded to the Debt Service Fund for debt service payments made on behalf of the Golf Fund in 2004 and 2005.

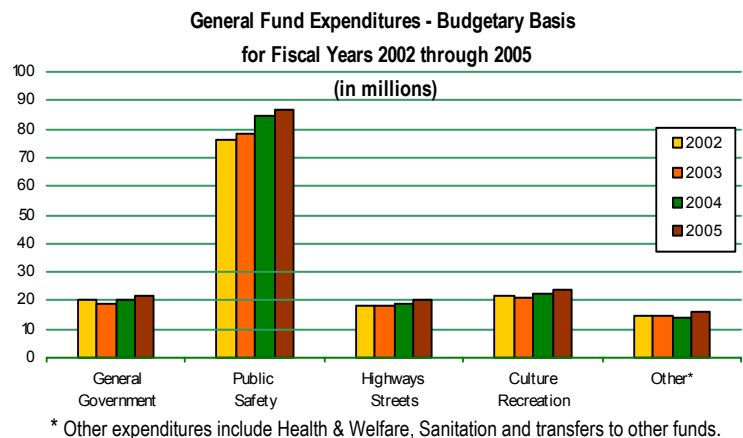
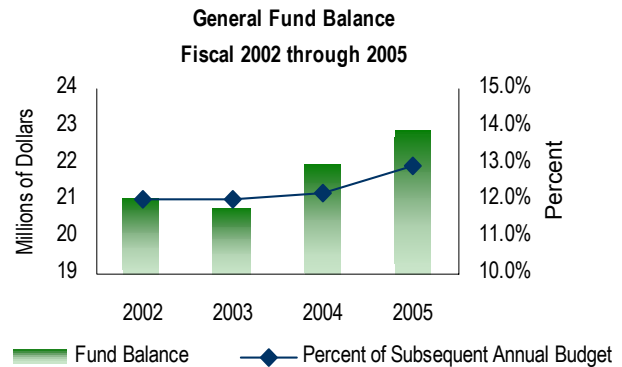
General Fund Budgetary Highlights. Actual revenue and other financing sources exceeded the expectations of the original budget by 0.6 percent. A 3.9 percent growth in revenue was lead by increases in property tax, franchise fees, and internal administrative costs.

Growth in property values contributed increased property tax revenue to the General Fund, consistent with projections. Franchise fees increased 3.9 percent, \$1.1 million above 2004, and largely reflect the increased market price of natural gas. The increase in administrative charges reflects reimbursements from enterprise funds for services related to new bond issues and refundings of long-term debt, which were completed to capitalize on lower market interest rates.

Overall, General Fund revenue and transfers increased by \$7.4 million over 2004. Fiscal 2005 closed with revenue (including transfer revenue) exceeding expenditures and transfers-out by \$867,844 on a budgetary basis.

As the revenue increased, the City addressed needs in all service areas, with public safety absorbing the greatest portion of the revenue increase. In addition, growth in revenue has enabled the City to enhance economic development spending, included in general government expenditures in the following table, as well as culture and recreation services.

Annually, the adopted budget is revised internally as approved by Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for one-time expenditures for improvements across the City.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2005, the City of Wichita had invested \$1.8 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 3). Capital assets, net of depreciation, increased \$99.4 million during 2005 with 80 percent of the increase in proprietary activities.

Capital Assets Net of Depreciation
As of December 31, 2005
(with comparative totals for December 31, 2004)
(in millions of dollars)

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government		
	2005	2004	2005	2004	2005	2004	Percent Change
Land	\$ 222.6	\$ 219.1	\$ 34.6	\$ 29.3	\$ 257.2	\$ 248.4	3.5%
Airfield	-	-	38.6	39.3	38.6	39.3	(1.8)%
Buildings & improvements	175.4	139.4	690.0	658.0	865.4	797.4	8.5%
Equipment	28.8	26.0	47.1	46.0	75.9	72.0	5.4%
Infrastructure	311.9	255.2	-	-	311.9	255.2	22.2%
Construction in progress	131.5	210.5	150.7	109.0	282.2	319.5	(11.7)%
Total	\$ 870.2	\$ 850.2	\$ 961.0	\$ 881.6	\$ 1,831.2	\$ 1,731.8	5.7%

Construction in progress in proprietary funds increased \$41.7 million. Sewer projects represent \$14 million and include improvements to existing assets and expansions of the sanitary sewer system. The Water Utility construction in progress increased \$12 million in 2005. Major water projects underway include remediation for taste and odor, Phase I of an automated meter reading program, and a multi year project to recharge aquifers during periods of excess surface water. As a major element in the 50-year water supply plan, the research and planning stage of the aquifer recharge project has been completed with construction in 2006 and initial recharge activities projected to begin in late 2006. Construction in progress also increased significantly in the Airport Funds with \$7.3 million invested in taxiways, \$1.3 million invested in a Master Terminal Plan, and \$1.0 million for snowplows. Assets placed into service in the proprietary funds, net of depreciation, totaled \$37 million.

Construction in progress in governmental activities declined \$79.0 million as major projects were finalized and moved out of the project accounts. Street improvement projects represent 48 percent of the assets placed into service in 2005. The completion of the Cessna Citation Service Center in 2004 was finalized in 2005 with the portion of the project funded by the governmental funds and private contributions transferred from the governmental assets to the Airport Fund in 2005. Additional information on changes in capital assets can be found in Note 6 to the Financial Statements.

Major capital asset additions in governmental activities include the following:

- ❑ Finalization of 16 separate street projects in 2005, each with an average investment of \$2.4 million (\$38 million).
- ❑ Arkansas River corridor improvements totaled \$12.3 million including street and pedestrian bridges, WaterWalk and other improvements that connect the convention area to the museum district.

Long-term Debt. The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools is general obligation bonds based on the full faith and credit of the City. The City has approximately 10 mills of the total mill levy dedicated to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Capital costs are also funded through enterprise, internal service and special revenue funds.

The City adopts a ten year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita maintains an “Aa2” rating from Moody’s and “AA” from Standard and Poor’s. The Water and Sewer Utilities maintain a rating of “A1” from Moody’s and “AAA” insured.

At year-end the City had \$815.9 million in bonds and \$66.2 million in temporary notes outstanding, illustrated in Table 4. Debt outstanding for the City of Wichita increased by net of \$8.9 million, due to new issues offset by retirements and refundings. Included in the outstanding debt figures is \$25.2 million for which an escrow account has been established to fully meet debt service requirements and all repayment costs until such time that the specified bonds (general obligation) can be legally defeased.

Total new debt was \$165.1 million with total retirements of \$156.2 million, excluding temporary notes, which increased \$13.9 million in 2005. More detail is located in the Notes to the Financial Statements, in the Additional Information and in Statistical sections of this report.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$911.3 million, significantly higher than the general obligation outstanding debt (\$420.3 million). Additional information can be found in Note 9 to the Financial Statements.

General Obligation and Revenue Bonds
As of December 31, 2005
(with comparative totals for December 31, 2004)
(in millions of dollars)

Table 4

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Ad valorem property taxes	\$ 62.2	\$ 75.3	\$ -	\$ -	\$ 62.2	\$ 75.3
Special assessments	210.4	206.7	-	-	210.4	206.7
Tax Increment	25.4	28.1	-	-	25.4	28.1
Transient guest tax	8.9	10.1	-	-	8.9	10.1
Local sales tax	113.5	122.2	-	-	113.5	122.2
G.O. and Revenue	-	-	366.2	332.5	366.2	332.5
Wichita Public Building Commission	-	-	29.3	32.1	29.3	32.1
Total	\$ 420.4	\$ 442.4	\$ 395.5	\$ 364.6	\$ 815.9	\$ 807.0

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET¹

Economic recovery continues with employment up 0.6 percent in 2005. The unemployment rate is down from 6.2 percent in 2004 to 5.6 percent in 2005. The general aviation industry has entered a growth cycle spurring the local economic recovery.

Statewide, the value of construction activity increased 15.5 percent in 2005, however in Wichita, residential and commercial construction was down. Much of the decline in the commercial construction activity can be attributed to the end of the 5-year \$285 million school bond building program. Home sales continued to be strong in 2005, with sales up 11 percent above 2004.

The City's five bargaining units have contracts in place through 2007 and contract negotiations have begun.

The State of Kansas has continued its elimination of demand transfers to cities during 2005. The City of Wichita continues to partner with other local governments and the private sector to replace jobs lost to international outsourcing, capitalizing on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism. Spurring economic development and maintaining infrastructure and essential services were all factors considered in preparing the City's budget for 2006 budget and capital improvement program.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

¹ Economic information was compiled and provided by the Wichita State University, Center for Economic Development and Business Research.

CITY OF WICHITA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2005

	Primary Government			Component Unit
	Governmental	Business-Type		Wichita Public
	Activities	Activities	Total	Building
				Commission
ASSETS				
Cash and cash equivalents	\$ 205,911,694	\$ 22,972,062	\$ 228,883,756	\$ -
Investments	5,726,868	-	5,726,868	-
Receivables (net)	302,533,960	10,075,746	312,609,706	-
Internal balances	2,526,797	(2,526,797)	-	-
Prepaid items	110,513	72,036	182,549	-
Inventories	703,200	1,423,978	2,127,178	-
Due from other agencies	848,377	446,086	1,294,463	-
Notes receivable	2,065,102	-	2,065,102	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	587,085	71,869,395	72,456,480	7,814
Investments	13,496	-	13,496	1,678,291
Receivables	2,792	369,425	372,217	400,792
Net investment in direct financing leases	-	77,824,980	77,824,980	29,701,772
Permanently restricted:				
Investments	235,437	-	235,437	-
Other assets	-	4,085,770	4,085,770	-
Capital assets:				
Land and construction in progress	354,154,956	185,329,714	539,484,670	-
Other capital assets, net of depreciation	516,089,529	775,683,216	1,291,772,745	-
Total capital assets	870,244,485	961,012,930	1,831,257,415	-
Total assets	1,391,509,806	1,147,625,611	2,539,135,417	31,788,669
LIABILITIES				
Accounts payable and other current liabilities	12,563,722	2,346,264	14,909,986	-
Accrued interest payable	5,480,687	4,094,696	9,575,383	400,792
Temporary notes payable	41,052,590	265,000	41,317,590	-
Deposits	1,683,987	2,311,181	3,995,168	-
Unearned revenue	89,436,681	-	89,436,681	-
Due to other agencies	-	-	-	1,686,105
Noncurrent liabilities, including claims payable:				
Due within one year	85,340,756	24,487,154	109,827,910	2,760,000
Due in more than one year	423,056,662	358,159,368	781,216,030	26,555,000
Other liabilities	-	-	-	386,772
Total liabilities	658,615,085	391,663,663	1,050,278,748	31,788,669
NET ASSETS				
Invested in capital assets, net of related debt	376,629,555	664,140,695	1,040,770,250	-
Restricted for:				
Capital projects	34,396,920	5,232,800	39,629,720	-
Highways and streets	11,640,814	-	11,640,814	-
Debt service	261,354,253	3,206,131	264,560,384	-
Revenue bond reserves	-	48,145,537	48,145,537	-
Cemetery:				
Expendable	603,058	-	603,058	-
Nonexpendable	235,437	-	235,437	-
Other purposes	19,409,400	-	19,409,400	-
Unrestricted	28,625,284	35,236,785	63,862,069	-
Total net assets	\$ 732,894,721	\$ 755,961,948	\$ 1,488,856,669	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES For the year ended December 31, 2005

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 36,835,405	\$ 15,136,839	\$ 3,050,510	\$ -
Public safety	97,961,518	5,564,578	1,548,193	-
Highways and streets	104,570,226	4,458,585	15,488,735	67,817,102
Sanitation	2,700,021	517,969	-	-
Health and welfare	33,832,961	3,178,532	26,988,000	-
Culture and recreation	33,813,885	4,874,797	3,583,963	-
Interest on long-term debt	20,900,654	-	-	-
Total governmental activities	330,614,670	33,731,300	50,659,401	67,817,102
Business-type activities:				
Water	34,417,157	36,036,274	-	8,514,302
Sewer	29,328,155	28,668,764	-	10,205,737
Storm Water	4,077,786	5,867,809	-	7,872,066
Golf Course System	4,589,266	3,573,748	-	-
Airport	24,324,338	18,856,527	-	18,753,678
Transit	11,922,669	1,754,443	4,075,220	1,793,312
Total business-type activities	108,659,371	94,757,565	4,075,220	47,139,095
Total primary government	\$ 439,274,041	\$ 128,488,865	\$ 54,734,621	\$ 114,956,197
Component unit:				
Wichita Public Building Commission	\$ -	\$ -	\$ -	\$ -

General revenues:

- Property taxes
- Sales taxes
- Franchise fees
- Other taxes
- Investment earnings
- Miscellaneous
- Transfers
- Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported
Prior period adjustments
Net assets, beginning of year as restated

Net assets, end of year

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ (18,648,056)	\$ -	\$ (18,648,056)	\$ -
(90,848,747)	-	(90,848,747)	-
(16,805,804)	-	(16,805,804)	-
(2,182,052)	-	(2,182,052)	-
(3,666,429)	-	(3,666,429)	-
(25,355,125)	-	(25,355,125)	-
(20,900,654)	-	(20,900,654)	-
(178,406,867)	-	(178,406,867)	-
-	10,133,419	10,133,419	-
-	9,546,346	9,546,346	-
-	9,662,089	9,662,089	-
-	(1,015,518)	(1,015,518)	-
-	13,285,867	13,285,867	-
-	(4,299,694)	(4,299,694)	-
-	37,312,509	37,312,509	-
(178,406,867)	37,312,509	(141,094,358)	-
-	-	-	-
85,596,116	-	85,596,116	-
45,180,964	-	45,180,964	-
30,701,805	-	30,701,805	-
17,209,140	-	17,209,140	-
8,295,866	6,198,790	14,494,656	-
12,263,518	566,170	12,829,688	-
(9,975,879)	9,975,879	-	-
189,271,530	16,740,839	206,012,369	-
10,864,663	54,053,348	64,918,011	-
722,788,583	701,908,600	1,424,697,183	-
(758,525)	-	(758,525)	-
722,030,058	701,908,600	1,423,938,658	-
\$ 732,894,721	\$ 755,961,948	\$ 1,488,856,669	\$ -

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2005

	General Fund	Federal/State Assistance Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 33,375,186	\$ 2,397,418	\$ 32,113,494
Cash with fiscal agent	-	-	25,173,606
Investments	-	5,485,662	-
Receivables, net:			
Property taxes	56,541,740	-	26,121,440
Due from other agencies	-	544,877	-
Special assessments	-	-	210,370,000
Accounts	431,854	3,776,767	-
Interest	-	41,867	-
Due from other funds	-	411,684	1,508,414
Prepaid items	76	77,512	-
Notes receivable	-	2,065,102	-
Inventories	-	63,135	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 90,348,856</u>	<u>\$ 14,864,024</u>	<u>\$ 295,286,954</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	\$ 5,422,455	\$ 511,958	\$ -
Accrued interest payable	-	-	-
Temporary notes payable	-	-	-
Deposits	1,468,517	133,275	-
Due to other funds	-	411,684	-
Unearned revenue	56,703,540	5,783,601	237,999,854
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>63,594,512</u>	<u>6,840,518</u>	<u>237,999,854</u>
Fund balances (deficits):			
Reserved for:			
Inventories	-	63,135	-
Encumbrances	3,886,829	1,992,804	-
Prepaid items	76	77,512	-
Cemetery perpetual care	-	-	-
Unreserved:			
Designated	13,390,142	-	32,113,494
Designated, crossover refunded bonds	-	-	25,173,606
Undesignated	9,477,297	5,890,055	-
Undesignated, reported in Special Revenue Funds	-	-	-
Undesignated, reported in Capital Projects Funds	-	-	-
Undesignated, reported in Permanent Fund	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>26,754,344</u>	<u>8,023,506</u>	<u>57,287,100</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 90,348,856</u>	<u>\$ 14,864,024</u>	<u>\$ 295,286,954</u>

The accompanying notes to the financial statements are an integral part of this statement.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 71,209,719	\$ 139,095,817
-	-	25,173,606
-	248,933	5,734,595
-	-	82,663,180
-	303,500	848,377
-	-	210,370,000
2,975,039	2,166,011	9,349,671
-	2,792	44,659
-	19,859,292	21,779,390
-	-	77,588
-	-	2,065,102
-	-	63,135
<u>\$ 2,975,039</u>	<u>\$ 93,790,247</u>	<u>\$ 497,265,120</u>

\$ 2,359,778	\$ 1,250,244	\$ 9,544,435
253,822	276,978	530,800
18,719,193	22,333,397	41,052,590
2,624	79,571	1,683,987
10,697,367	9,161,925	20,270,976
-	828,100	301,315,095
<u>32,032,784</u>	<u>33,930,215</u>	<u>374,397,883</u>

-	-	63,135
101,197,464	12,094,268	119,171,365
-	-	77,588
-	235,437	235,437
-	-	45,503,636
-	-	25,173,606
-	-	15,367,352
-	54,513,902	54,513,902
(130,255,209)	(7,586,318)	(137,841,527)
-	602,743	602,743
<u>(29,057,745)</u>	<u>59,860,032</u>	<u>122,867,237</u>
<u>\$ 2,975,039</u>	<u>\$ 93,790,247</u>	<u>\$ 497,265,120</u>

CITY OF WICHITA, KANSAS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets December 31, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance -- governmental funds		\$ 122,867,237
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	1,085,968,436	
Accumulated Depreciation	<u>(227,278,619)</u>	858,689,817
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General Obligation Bonds Payable	209,963,216	
Special Assessment Bonds Payable	210,370,000	
Premium on Bonds Payable	9,310,551	
Deferred Refunding on Bonds Payable	(1,020,837)	
Accrued Interest Payable on the Bonds	4,949,887	
Section 108 Loan	5,310,000	
Bond anticipation notes	18,629,410	
Accreted interest	2,861,374	
Compensated Absences	7,591,088	
Liability for landfill closure and postclosure costs	<u>24,336,652</u>	(492,301,341)
The amount due from other funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		1,508,414
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.		210,370,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		<u>31,760,594</u>
Total net assets -- governmental activities		<u>\$ 732,894,721</u>

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2005

	General Fund	Federal/State Assistance Fund	Debt Service Fund
REVENUES			
Taxes	\$ 62,376,116	\$ -	\$ 28,968,820
Special assessments	7,633	-	26,452,343
Franchise fees	30,701,805	-	-
Local sales tax	22,590,482	-	-
Intergovernmental	16,939,202	28,502,631	-
Licenses and permits	1,827,977	-	-
Fines and penalties	8,666,239	-	-
Rentals	2,217,382	-	-
Interest earnings	3,825,399	294,832	1,459,514
Charges for services and sales	7,693,088	-	-
Other	6,256,205	3,650,592	559,561
Total revenues	<u>163,101,528</u>	<u>32,448,055</u>	<u>57,440,238</u>
EXPENDITURES			
Current:			
General government	21,483,237	1,612,251	-
Public safety	86,662,373	1,239,775	-
Highways and streets	20,059,917	1,509,252	-
Sanitation	2,045,931	-	-
Health and welfare	3,426,945	26,980,405	-
Culture and recreation	24,001,443	563,618	-
Debt service:			
Principal retirement	-	-	42,331,458
Interest and fiscal charges	-	-	19,312,171
Capital outlay	-	-	-
Total expenditures	<u>157,679,846</u>	<u>31,905,301</u>	<u>61,643,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,421,682</u>	<u>542,754</u>	<u>(4,203,391)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long-term capital debt	-	-	-
Premiums on bonds sold	-	-	83,118
Payments on refunded bonds	-	-	(19,175,000)
Transfers from other funds	6,399,595	114,794	21,676,080
Transfers to other funds	(10,741,574)	(1,082,692)	(7,051,672)
Total other financing sources (uses)	<u>(4,341,979)</u>	<u>(967,898)</u>	<u>(4,467,474)</u>
Net change in fund balances	1,079,703	(425,144)	(8,670,865)
Fund balances - beginning	25,674,641	8,802,483	65,957,965
Prior period adjustment	-	(353,833)	-
Fund balances - ending	<u>\$ 26,754,344</u>	<u>\$ 8,023,506</u>	<u>\$ 57,287,100</u>

The accompanying notes to the financial statements are an integral part of this statement.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,460,320	\$ 102,805,256
271,998	367,032	27,099,006
-	-	30,701,805
-	22,590,482	45,180,964
30,468,565	12,042,390	87,952,788
-	4,665,686	6,493,663
-	-	8,666,239
-	1,630,247	3,847,629
336,955	1,782,130	7,698,830
-	2,616,889	10,309,977
1,213,055	6,357,038	18,036,451
<u>32,290,573</u>	<u>63,512,214</u>	<u>348,792,608</u>
-	7,428,827	30,524,315
-	6,450,160	94,352,308
-	-	21,569,169
-	1,035,695	3,081,626
-	2,492,926	32,900,276
-	4,691,079	29,256,140
10,530,400	12,629,600	65,491,458
510,415	694,471	20,517,057
81,014,624	45,299,549	126,314,173
<u>92,055,439</u>	<u>80,722,307</u>	<u>424,006,522</u>
<u>(59,764,866)</u>	<u>(17,210,093)</u>	<u>(75,213,914)</u>
25,605,450	31,566,326	57,171,776
-	-	83,118
-	-	(19,175,000)
17,688,267	22,018,403	67,897,139
-	(49,212,186)	(68,088,124)
<u>43,293,717</u>	<u>4,372,543</u>	<u>37,888,909</u>
(16,471,149)	(12,837,550)	(37,325,005)
(12,586,596)	72,697,582	160,546,075
-	-	(353,833)
<u>\$ (29,057,745)</u>	<u>\$ 59,860,032</u>	<u>\$ 122,867,237</u>

CITY OF WICHITA, KANSAS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances -- total governmental funds \$(37,325,005)

Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.

Depreciation expense	(22,484,694)	
Capital asset acquisition	52,916,442	30,431,748

In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold. (2,283,129)

In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources. (9,478,866)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (57,171,776)

Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets. (83,118)

The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds. 1,193,987

The amortization of refunding costs increases the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds. (102,458)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General obligation bonds	29,842,476	
Special assessment bonds	30,790,000	
Temporary notes	23,160,000	
Section 108 HUD loan	220,000	84,012,476

Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net assets. 978,470

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due. (630,431)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities. (264,762)

Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (2,550,592)

Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed. 3,650,000

In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities 565,772

In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due. (77,653)

Change in net assets of governmental activities **\$ 10,864,663**

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 61,580,360	\$ 62,249,280	\$ 62,376,117	\$ 126,837
Special assessments	21,350	29,350	7,633	(21,717)
Franchise fees	30,104,360	30,535,130	30,701,805	166,675
Local sales tax	21,858,600	22,928,720	22,590,513	(338,207)
Intergovernmental	16,764,330	17,036,390	16,939,202	(97,188)
Licenses and permits	2,193,390	2,292,380	1,827,977	(464,403)
Fines and penalties	9,274,010	8,498,900	8,666,239	167,339
Rentals	2,840,370	2,777,620	2,217,382	(560,238)
Interest earnings	3,024,420	3,301,870	3,825,399	523,529
Charges for services and sales	8,755,020	7,785,380	7,693,087	(92,293)
Other	4,648,720	4,790,400	6,468,673	1,678,273
Total revenues	161,064,930	162,225,420	163,314,027	1,088,607
EXPENDITURES				
Current:				
General government	32,901,003	28,278,273	22,064,170	6,214,103
Public safety	88,587,140	88,213,830	88,233,227	(19,397)
Highways and streets	20,853,090	20,611,890	20,210,787	401,103
Sanitation	2,335,930	2,245,040	2,062,486	182,554
Health and welfare	3,629,940	3,632,330	3,495,278	137,052
Culture and recreation	24,245,680	26,542,550	22,038,256	4,504,294
Total expenditures	172,552,783	169,523,913	158,104,204	11,419,709
Excess (deficiency) of revenues over (under) expenditures	(11,487,853)	(7,298,493)	5,209,823	12,508,316
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	7,586,940	7,381,040	6,399,595	(981,445)
Transfers to other funds	(7,848,110)	(10,876,980)	(10,741,574)	135,406
Total other financing sources (uses)	(261,170)	(3,495,940)	(4,341,979)	(846,039)
Net change in fund balances	(11,749,023)	(10,794,433)	867,844	11,662,277
Fund balance - beginning	20,769,068	21,999,671	21,999,671	-
Fund balance - ending	\$ 9,020,045	\$ 11,205,238	\$ 22,867,515	\$ 11,662,277

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

BALANCE SHEET PROPRIETARY FUNDS December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
ASSETS			
Current assets:			
Cash and temporary investments	\$ 4,216,246	\$ 3,114,886	\$ 11,415,141
Investments	-	-	-
Receivables, net	7,463,120	1,176,464	1,089,419
Due from other agencies	-	-	-
Inventories	1,003,503	138,509	-
Prepaid items	1,054	-	70,982
Restricted assets:			
Cash and temporary investments	8,901,104	6,904,543	5,217,982
Receivables	-	-	369,425
Net investment in direct financing leases	-	-	1,268,218
Total current assets	<u>21,585,027</u>	<u>11,334,402</u>	<u>19,431,167</u>
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	39,839,432	11,006,334	-
Net investment in direct financing leases	-	-	76,556,762
Capital assets:			
Land	8,732,526	3,524,719	16,228,947
Airfield	-	-	111,143,411
Buildings	62,604,347	85,338,497	40,519,125
Improvements other than buildings	346,298,099	249,736,753	32,843,276
Machinery, equipment and other assets	35,883,881	23,794,568	20,926,373
Construction in progress	52,934,564	50,231,982	37,670,119
Less accumulated depreciation	(130,165,070)	(75,279,750)	(133,371,423)
Total capital assets (net of accumulated depreciation)	<u>376,288,347</u>	<u>337,346,769</u>	<u>125,959,828</u>
Other assets	<u>2,114,803</u>	<u>1,949,085</u>	<u>21,882</u>
Total noncurrent assets	<u>418,242,582</u>	<u>350,302,188</u>	<u>202,538,472</u>
Total assets	<u>\$ 439,827,609</u>	<u>\$ 361,636,590</u>	<u>\$ 221,969,639</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 4,225,789	\$ 22,972,062	\$ 42,229,356
-	-	241,206
346,743	10,075,746	109,242
281,966	281,966	-
5,300,584	6,442,596	640,065
-	72,036	32,925
-	21,023,629	-
-	369,425	-
-	1,268,218	-
<u>10,155,082</u>	<u>62,505,678</u>	<u>43,252,794</u>
-	50,845,766	-
-	76,556,762	-
13,955,166	42,441,358	71,340
-	111,143,411	-
96,541,944	285,003,913	3,332,437
20,914,631	649,792,759	-
9,901,921	90,506,743	40,769,521
(26,000,612)	114,836,053	-
<u>121,417,986</u>	<u>(217,398,257)</u>	<u>(32,618,630)</u>
<u>236,731,036</u>	<u>1,076,325,980</u>	<u>11,554,668</u>
-	4,085,770	-
<u>236,731,036</u>	<u>1,207,814,278</u>	<u>11,554,668</u>
<u>\$ 246,886,118</u>	<u>\$ 1,270,319,956</u>	<u>\$ 54,807,462</u>

(Continued)

CITY OF WICHITA, KANSAS

BALANCE SHEET (CONTINUED) PROPRIETARY FUNDS

December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,058,186	\$ 578,227	\$ 266,482
Accrued interest payable	271,606	-	57,674
Temporary notes payable	-	-	-
Deposits	2,276,701	-	33,981
Due to other funds	-	-	-
Current portion of long-term obligations:			
General obligation bonds payable	-	-	625,000
Bond anticipation notes	-	-	-
Contracts payable	-	-	-
Claims payable	-	-	-
Compensated absences	444,827	271,821	261,120
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	75,587
Accrued interest payable	1,754,961	1,546,994	369,425
Revenue bonds payable	7,146,143	5,357,549	1,268,218
Total current liabilities	<u>12,952,424</u>	<u>7,754,591</u>	<u>2,957,487</u>
Noncurrent liabilities:			
General obligation bonds payable	-	-	2,525,000
Revenue bonds	138,613,336	124,529,544	76,556,762
Unamortized deferred refunding	(1,668,317)	(1,036,984)	-
Unamortized revenue bond premium	5,970,411	5,421,409	-
Contracts payable	-	-	-
Claims payable	-	-	-
Compensated absences	63,153	38,592	38,762
Total noncurrent liabilities	<u>142,978,583</u>	<u>128,952,561</u>	<u>79,120,524</u>
Total liabilities	<u>155,931,007</u>	<u>136,707,152</u>	<u>82,078,011</u>
NET ASSETS			
Invested in capital assets	-	-	-
Invested in capital assets, net of related debt	229,950,655	207,740,890	122,752,154
Restricted for:			
Capital projects	-	-	5,217,982
Debt Service	1,659,123	1,547,008	-
Revenue bond reserves	37,994,301	10,151,236	-
Unrestricted - undesignated	14,292,523	5,490,304	11,921,492
Total net assets	<u>283,896,602</u>	<u>224,929,438</u>	<u>139,891,628</u>
Total liabilities and net assets	<u>\$ 439,827,609</u>	<u>\$ 361,636,590</u>	<u>\$ 221,969,639</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 367,782	\$ 2,270,677	\$ 3,019,287
94,036	423,316	-
265,000	265,000	-
499	2,311,181	-
1,508,414	1,508,414	-
2,549,980	3,174,980	-
6,233,000	6,233,000	-
-	-	-
-	-	6,422,977
329,496	1,307,264	291,000
-	75,587	-
-	3,671,380	-
-	13,771,910	-
<u>11,348,207</u>	<u>35,012,709</u>	<u>9,733,264</u>
7,070,561	9,595,561	-
-	339,699,642	-
-	(2,705,301)	-
-	11,391,820	-
-	-	-
-	-	14,288,672
37,139	177,646	43,315
<u>7,107,700</u>	<u>358,159,368</u>	<u>14,331,987</u>
<u>18,455,907</u>	<u>393,172,077</u>	<u>24,065,251</u>
-	-	11,554,668
103,696,996	664,140,695	-
14,818	5,232,800	-
-	3,206,131	-
-	48,145,537	-
<u>4,550,849</u>	<u>36,255,168</u>	<u>19,187,543</u>
<u>108,262,663</u>	<u>756,980,331</u>	<u>30,742,211</u>
<u>\$ 126,718,570</u>	<u>\$ 1,150,152,408</u>	<u>\$ 54,807,462</u>

Total net assets

\$ 756,980,331

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities

(1,018,383)

Net assets of business-type activities

\$ 755,961,948

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
OPERATING REVENUES			
Charges for services and sales	\$ 36,025,219	\$ 28,668,764	\$ 3,333,385
Fees	-	-	3,038,798
Rentals	11,055	-	12,484,344
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	52,459	6,416	93,692
Total operating revenues	<u>36,088,733</u>	<u>28,675,180</u>	<u>18,950,219</u>
OPERATING EXPENSES			
Personal services	7,890,589	8,744,889	5,573,229
Contractual services	6,966,027	4,489,319	3,027,971
Materials and supplies	2,987,844	2,257,910	3,701,661
Cost of materials used	-	-	-
Administrative charges	852,640	205,060	306,780
Franchise fees and payments in lieu of delinquent specials	2,031,550	1,630,100	-
Depreciation	8,919,775	7,746,499	6,470,220
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>29,648,425</u>	<u>25,073,777</u>	<u>19,079,861</u>
Operating income (loss)	<u>6,440,308</u>	<u>3,601,403</u>	<u>(129,642)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	-	-
Interest on investments	725,689	260,929	5,129,126
Other revenues (expenses)	4,462	(380)	(28)
Interest expense	(4,674,332)	(4,079,028)	(5,175,331)
Gain (loss) from sale of assets	37,995	(60,256)	(41,401)
Bond premium (discount) amortization	138,233	147,210	(5,508)
Total nonoperating revenues (expenses)	<u>(3,767,953)</u>	<u>(3,731,525)</u>	<u>(93,142)</u>
Income (loss) before contributions and transfers	2,672,355	(130,122)	(222,784)
Capital contributions and operating transfers:			
Capital contributions - cash	5,086,282	1,601,348	9,794,769
Capital contributions - non cash	3,428,020	8,604,389	18,315,063
Transfers from other funds	-	-	-
Transfers to other funds	<u>(1,840,365)</u>	<u>(1,181,780)</u>	<u>(726,170)</u>
Increase (decrease) in net assets	9,346,292	8,893,835	27,160,878
Total net assets - beginning	<u>274,550,310</u>	<u>216,035,603</u>	<u>112,730,750</u>
Total net assets - ending	<u>\$ 283,896,602</u>	<u>\$ 224,929,438</u>	<u>\$ 139,891,628</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 7,884,690	\$ 75,912,058	\$ 10,000,499
2,656,010	5,694,808	-
655,300	13,150,699	8,956,245
-	-	21,713,767
-	-	5,808,306
85,704	238,271	412,120
<u>11,281,704</u>	<u>94,995,836</u>	<u>46,890,937</u>
8,268,761	30,477,468	6,662,453
4,289,784	18,773,101	3,869,722
2,209,486	11,156,901	4,550,127
-	-	1,683,858
432,670	1,797,150	422,280
-	3,661,650	-
4,363,781	27,500,275	2,775,227
-	-	24,086,999
-	-	6,015,552
<u>19,564,482</u>	<u>93,366,545</u>	<u>50,066,218</u>
<u>(8,282,778)</u>	<u>1,629,291</u>	<u>(3,175,281)</u>
4,075,220	4,075,220	-
83,046	6,198,790	629,876
(326,696)	(322,642)	-
(501,775)	(14,430,466)	-
(68,471)	(132,133)	(58,779)
-	279,935	-
<u>3,261,324</u>	<u>(4,331,296)</u>	<u>571,097</u>
(5,021,454)	(2,702,005)	(2,604,184)
1,793,312	18,275,711	-
7,872,066	38,219,538	122,712
4,667,080	4,667,080	1,045,760
<u>(299,040)</u>	<u>(4,047,355)</u>	<u>(1,474,500)</u>
9,011,964	54,412,969	(2,910,212)
<u>99,250,699</u>	<u>702,567,362</u>	<u>33,652,423</u>
<u>\$ 108,262,663</u>	<u>\$ 756,980,331</u>	<u>\$ 30,742,211</u>

Increase in net assets per fund statements \$ 54,412,969

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities (359,621)

Change in net assets of business-type activities \$ 54,053,348

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 34,707,242	\$ 28,398,475	\$ 18,873,681
Cash payments to suppliers for goods and services	(10,263,319)	(7,170,292)	(6,879,699)
Cash payments to employees for services	(7,860,583)	(8,724,592)	(5,570,036)
Franchise fees and payments in lieu of delinquent specials	(2,031,550)	(1,630,100)	-
Other operating revenues	52,459	6,416	93,692
Net cash provided by (used in) operating activities	<u>14,604,249</u>	<u>10,879,907</u>	<u>6,517,638</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,840,365)	(1,181,780)	(726,170)
Net cash provided by (used in) noncapital financing activities	<u>(1,840,365)</u>	<u>(1,181,780)</u>	<u>(726,170)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of temporary notes	-	-	-
Additions to property, plant and equipment	(21,783,579)	(21,524,516)	(12,467,598)
Issuance of bonds	74,518,581	44,686,419	-
Premium on bonds sold	4,128,866	2,529,592	-
Accrued interest on bonds sold	151,460	101,467	-
Bond issuance costs paid	(1,027,763)	(601,696)	-
Debt service - principal	(53,853,201)	(33,682,963)	(590,000)
Debt service - interest	(5,915,974)	(5,693,269)	(196,305)
Proceeds from sale of assets	55,026	15,295	6,510
Capital contributions	5,086,282	1,601,348	9,794,741
Net cash provided by (used in) capital and related financing activities	<u>1,359,698</u>	<u>(12,568,323)</u>	<u>(3,452,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturity of investment securities	-	-	-
Interest on investments	725,689	260,929	139,508
Net cash provided by investing activities	<u>725,689</u>	<u>260,929</u>	<u>139,508</u>
Net increase (decrease) in cash and temporary investments	14,849,271	(2,609,267)	2,478,324
Cash and temporary investments - January 1	<u>38,107,511</u>	<u>23,635,030</u>	<u>14,154,799</u>
Cash and temporary investments - December 31	<u>\$ 52,956,782</u>	<u>\$ 21,025,763</u>	<u>\$ 16,633,123</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 11,024,209	\$ 93,003,607	\$ 49,977,546
(7,000,315)	(31,313,625)	(38,495,818)
(8,219,544)	(30,374,755)	(6,652,734)
-	(3,661,650)	-
85,704	238,271	412,120
(4,109,946)	27,891,848	5,241,114
4,091,254	4,091,254	-
4,667,080	4,667,080	1,045,760
(299,040)	(4,047,355)	(1,474,500)
8,459,294	4,710,979	(428,740)
5,897,500	5,897,500	-
(1,831,320)	(57,607,013)	(4,231,344)
-	119,205,000	-
-	6,658,458	-
-	252,927	-
-	(1,629,459)	-
(186,878)	(88,313,042)	-
18,950	(11,786,598)	-
1,786,788	1,863,619	145,525
(4,173,583)	12,308,788	-
1,511,457	(13,149,820)	(4,085,819)
-	-	2,885
83,046	1,209,172	629,876
83,046	1,209,172	632,761
5,943,851	20,662,179	1,359,316
-	75,897,340	40,870,040
\$ 5,943,851	\$ 96,559,519	\$ 42,229,356

(Continued)

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUNDS

Year ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,440,308	\$ 3,601,403	\$ (129,642)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	8,919,775	7,746,499	6,470,220
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,666,641)	(270,289)	2,814
(Increase) decrease in inventory	123,743	(138,509)	-
(Increase) decrease in prepaid items	-	-	(9,102)
(Decrease) increase in accounts payable/accrued expenses	419,449	(79,494)	165,815
(Decrease) increase in deposits	337,609	-	14,340
Increase in claims payable	-	-	-
(Decrease) increase in compensated absences	30,006	20,297	3,193
Total adjustments	8,163,941	7,278,504	6,647,280
Net cash provided by (used in) operating activities	\$ 14,604,249	\$ 10,879,907	\$ 6,517,638

Supplemental Schedule of Non-Cash Investing and Financing Activities

Assets contributed by benefit districts	\$ 2,989,680	\$ 8,154,454	\$ -
Contribution of capital assets	-	-	9,356,154
Capital contributed for capital purposes	438,340	449,935	8,958,909
(Increase) decrease in net investment in direct financing leases	-	-	(3,658,827)
Increase (decrease) in revenue bonds payable	-	-	3,658,827
(Increase) decrease in interest receivable on direct financing leases	-	-	(36,432)
Increase (decrease) in accrued interest payable on revenue bonds	-	-	36,432
Interest income on investment in direct financing leases	-	-	4,989,618
Interest expense on revenue bonds payable	-	-	4,989,618

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
<u>\$ -</u>	<u>\$ 9,912,069</u>	<u>\$ (3,175,281)</u>
-	23,136,494	2,775,227
49,374	(1,884,742)	3,498,729
-	(14,766)	(269,115)
-	(9,102)	(18,654)
354	506,124	793,460
49,217	401,166	-
-	-	1,627,029
-	53,496	9,719
<u>98,945</u>	<u>22,188,670</u>	<u>8,416,395</u>
<u>\$ 98,945</u>	<u>\$ 32,100,739</u>	<u>\$ 5,241,114</u>

\$ -	\$ 11,144,134	\$ -
-	9,356,154	122,712
-	9,847,184	-
-	(3,658,827)	-
-	3,658,827	-
-	(36,432)	-
-	36,432	-
-	4,989,618	-
-	4,989,618	-

CITY OF WICHITA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2005

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and temporary investments	\$ 812,096	\$ 8,101,306
Receivables:		
Investment sales pending	8,517,913	-
Interest and dividends	1,952,033	3,541
Accounts	1,023,481	80,195
Total receivables	<u>11,493,427</u>	<u>83,736</u>
Investments, at fair value:		
Government short-term investment fund	13,200,332	-
Government securities: long term	9,972,186	434,576
Corporate debt instruments: long term	66,529,784	-
Corporate stocks	425,620,068	-
Real estate	44,365,395	-
Mortgage-backed securities	52,476,704	-
Value of interest in pooled funds	267,982,277	-
Securities lending short-term collateral investment pool	76,139,838	-
Total investments	<u>956,286,584</u>	<u>434,576</u>
Capital assets:		
Construction in progress	557,031	-
Total capital assets	<u>557,031</u>	<u>-</u>
Total assets	<u>969,149,138</u>	<u>8,619,618</u>
LIABILITIES		
Accounts payable and accrued expenses	4,728,336	2,500,284
Compensated absences	31,021	-
Investment purchases pending	9,034,427	-
Security lending obligations	76,139,838	-
Deposits	<u>-</u>	<u>6,119,334</u>
Total liabilities	<u>89,933,622</u>	<u>8,619,618</u>
NET ASSETS		
Held in trust for:		
Employees' pension benefits	879,215,516	-
Total net assets	<u>\$ 879,215,516</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2005

	2005 Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 10,760,722
Employee	7,291,970
Total contributions	<u>18,052,692</u>
Investment income:	
<i>From investment activities</i>	
Net appreciation (depreciation) in fair value of investments	52,587,783
Interest and dividends	20,023,947
Commission recapture	97,708
Total investment earnings	<u>72,709,438</u>
Less investment expense	<u>4,157,388</u>
Net income (loss) from investing activities	68,552,050
<i>From securities lending activities</i>	
Securities lending income	<u>1,913,480</u>
Securities lending activities expenses:	
Borrower rebates	1,583,690
Management fees	83,764
Total securities lending activities expenses	<u>1,667,454</u>
Net income from securities lending activities	<u>246,026</u>
Total net investment income (loss)	<u>68,798,076</u>
Transfers from other funds	<u>1,562,135</u>
Total additions	<u>88,412,903</u>
DEDUCTIONS	
Pension benefits	37,456,443
DROP and Back DROP payments	3,146,387
Pension administration	641,463
Employee contributions refunded	1,193,625
Transfers to other funds	1,562,135
Total deductions	<u>44,000,053</u>
Change in net assets	44,412,850
Net assets - beginning	<u>834,802,666</u>
Net assets - ending	<u><u>\$ 879,215,516</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

<u>NOTES</u>	<u>PAGE</u>
1. Summary of Significant Accounting Policies	A-37
2. Budgetary Control.....	A-43
3. Budgetary Basis of Accounting	A-44
4. Fund Balance Deficits	A-44
5. Cash, Investments and Securities Lending.....	A-45
6. Capital Assets	A-51
7. Retirement Funds	A-53
8. Self - Insurance Fund	A-56
9. Long - Term Debt	A-58
10. Prior - Year Defeasance of Debt	A-63
11. Temporary Notes Payable	A-63
12. Leases	A-64
13. Conduit Debt Obligations	A-65
14. Interfund Transfers.....	A-66
15. Interfund Receivables/Payables	A-66
16. Reserves and Designations of Fund Balances	A-67
17. Passenger Facility Charges	A-68
18. Landfill Closure and Postclosure Care.....	A-68
19. Prior Period Adjustments	A-69
20. Contingencies and Commitments.....	A-69
21. Subsequent Events	A-73

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets on page A-13 and the statement of changes in net assets on page A-14) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The Federal/State Assistance Fund accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 1,200 miles of sewer laterals and mains.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System – Plan 3, all of which accumulate resources for pension benefits for qualified employees.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government.

Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

1. Summary of Significant Accounting Policies (continued)

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

F. Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before June 20 of the ensuing year (May 10 for 2004 through 2008). State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

1. Summary of Significant Accounting Policies (continued)

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds.

The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds. State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to fifteen year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for Transit and the Water Utility and Sewer Utilities, which utilize an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated fixed assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of the primary government and its component unit are depreciated using the straight line method over the following estimated useful lives:

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

Assets Classification	Year
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Water/Sewer mains and drainage	75-85
Airfields	5-40

K. Payment of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City franchise fees in an amount not to exceed five percent of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 43 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued in April 2004 and will apply to financial statements of the City beginning with fiscal year 2006. Statement No. 43 establishes guidance for accounting and reporting for postemployment benefits other than pension benefits, such as insurances.

GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section" was issued in May 2004 and establishes guidance for reporting supplementary information that accompanies the basic financial statements in the statistical section. Statement No. 44 will apply to financial statements of the City beginning with fiscal year 2006.

1. Summary of Significant Accounting Policies (continued)

O. Pending Governmental Accounting Standards Board Statements (continued)

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", was issued June 2004 and establishes guidance for accounting and reporting of postemployment benefits other than pension if provided separately from a pension plan. Statement No. 45 will apply to the financial statements of the City beginning with fiscal year 2007.

GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", was issued December 2004 and will apply to the financial statements of the City beginning with fiscal year 2006. Statement No. 46 establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation, amending GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

GASB Statement No. 47. "Accounting for Termination Benefits", was issued in July 2004 and establishes guidance for accounting and financial reporting of termination benefits. Termination benefits in this Statement are benefits provided by employers to employees as an inducement to hasten the termination of services, or as a result of a voluntary early termination, or as a consequence of involuntary early termination. Termination benefits include early retirement incentives, severance benefits and other termination-related benefits. This Statement will apply to the financial statement of the City beginning with fiscal year 2006.

2. Budgetary Control

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis; appropriated fund balance reserves are not intended to finance routine expenditures.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another with

2. Budgetary Control (continued)

the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which are reappropriated in the following fiscal year.

Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided as follows:

	Net Change in Fund Balance from Prior Year	Fund Balances at End of Year
General Fund - GAAP Basis	\$ 1,079,703	\$ 26,754,344
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	3,042,893	-
Cancellation of prior year encumbrances	142,419	-
Expenditures due to current year encumbrances	(3,397,171)	(3,886,828)
Budgetary Basis	\$ 867,844	\$ 22,867,515

4. Fund Balance Deficits

At December 31, 2005, fund balance deficits were as follows:

Primary Government	Fund Balance Deficits
Street Improvement fund	\$ 29,057,745
Nonmajor governmental funds:	
Water Main Extension	3,098,160
Park Bond Construction	2,582,843
Public Improvement Construction	7,643,811
Sewer Construction	12,431,874
Total Reporting Entity	\$ 54,814,433

The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2005.

5. Cash, Investments and Securities Lending

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the “prudent person” standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the City’s deposits may not be returned to the City, or the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s deposit policy for custodial credit risk requires compliance with the provisions of the state law and the more restrictive provisions of the City’s investment policy. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City.

State law requires collateralization of all deposits with instruments from the following categories:

1. Federal depository insurance
2. Bonds or obligations of the U.S. Treasury, U.S. agencies or instrumentalities
3. Advance refunded bonds of any State of Kansas municipality
4. State of Kansas bonds, general obligation bonds or notes of any municipality within the State of Kansas
5. Approved Kansas municipality revenue bonds
6. Warrants of any Kansas municipality payable from a mandatory tax levy
7. Bonds of a Kansas not-for-profit corporation rated at least Aa by Moody’s Investors Service or AA by Standard & Poor’s Corp.
8. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest ratings
9. Negotiable promissory notes from first lien mortgages on one to four family residential real estate located in Kansas
10. Surety bond having an aggregate value at least equal to the amount of deposits.

The City does not accept Government National Mortgage Pools as collateral and requires surety bonds and letters of credit to have an aggregate value of at least 105 percent.

As of December 31, 2005, the City had deposits in nine banks totaling \$34,217,526 with assets pledged by the banks as collateral with a fair value of \$50,225,115.

A. Pooled Investments of the Primary Government

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in the following instruments:

1. Temporary notes of the City of Wichita
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita
4. United States treasury bills or notes with maturities not exceeding four years
5. U.S. Government-Agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities
6. The municipal investment pool fund operated by the Kansas State Treasurer
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

5. Cash, Investments and Securities Lending (continued)

A. Pooled Investments of the Primary Government (continued)

On December 31, 2005, the City had the following investments in pooled funds.

Investment type	Book Value	Modified Duration (yrs)	Percent of Total Pooled Funds
Federal Farm Credit Bank	\$ 9,160,462	0.444	3.2%
Federal Home Loan Bank	86,610,449	0.815	30.2%
Federal Home Loan Mortgage Corp.	69,454,171	.0657	24.2%
Federal National Mortgage Assoc.	71,550,680	0.526	25.0%
Municipal Investment Pool	18,551,340	0.000	6.5%
Collateralized Deposits	30,879,905		10.9%
Total Value	<u>\$ 286,207,007</u>		<u>100.0%</u>
Portfolio Modified Duration		<u>0.629</u>	

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The investment policy of the City of Wichita seeks to limit the modified duration of the portfolio to 1.4 years. The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturities of less than one year to 40 percent of the investment portfolio.

Credit Risk: Kansas law limits the types of investments that can be made by the City of Wichita. The City's investment policy does not impose limitations beyond those of the State of Kansas. On December 31, 2005, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The investment policy of the City establishes a single U.S. agency limit of 35 percent of the total portfolio.

B. Investments of the Primary Government Not Pooled

In addition to the following, State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes:

1. U.S. Government and agency obligations
2. Time deposits with banks and trust companies in Sedgwick County
3. FNMA, FHLB and FHLMC obligations
4. Collateralized repurchase agreements
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC
7. Certain Kansas municipal bonds.

On December 31, 2005, all bond and temporary note proceeds were invested in the more restrictive City pool investment portfolio.

City ordinance (34-671; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

5. Cash, Investments and Securities Lending (continued)

B. Investments of the Primary Government Not Pooled (continued)

1. U.S. Government securities
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's
3. Not more than 50 percent may be invested in equity mutual funds

On December 31, 2005, the following investments were held in the Group Life Insurance Fund.

<u>Investment type</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Total Pooled Funds</u>
U.S. Treasury	\$ 191,209	3.680	78.4%
Corporate Bonds	49,997	0.021	21.6%
Total Value	<u>\$ 241,206</u>		<u>100.0%</u>
Portfolio Modified Duration		<u>2.921</u>	

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the life insurance portfolio to 5.0 years.

Credit Rate Risk: City ordinance limits the types of investments that the Life Insurance Fund may make U.S. Government securities, corporate bonds of A quality or better and mutual funds. On December 31, 2005, the Life Insurance Fund owned a \$50,000 Ford Motor Credit corporate bond, maturing January 9, 2006. The bond rating of Ford Motor Corporation was reduced in April 2005 from A3 to Baa2. On December 31, 2005, Moody's Investor Service had a bond rating of Ford Motor Corporation of Baa3.

The City does not maintain a formal investment policy pertaining to investments held in the Special Assessment Advance Payments Fund, the Cemetery Fund, or in the Federal and State Assistance Fund for the Wichita Housing Authority and the Housing and Urban Development 108 Loan Program. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2005, these Funds held investments in U.S. Treasury instruments, stocks and money markets instruments.

C. Investments of the Wichita Public Building Commission

Deposits and investments for the Wichita Public Building Commission are invested by trustees and are held under trust indentures. A formal investment policy is not maintained. On December 31, 2005, \$1,686,043 was invested in two taxable Treasury money market funds.

D. Investments of the Pension Trust Funds

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. City Ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City Ordinance (Charter Ordinance 176) authorizes the Police and Fire Retirement System to invest in the following financial instruments:

1. Common stock (not more than 70 percent)
2. Direct or indirect obligations of the U.S. Government

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

3. Corporate bonds rated A or better
4. Commercial paper of high quality
5. Foreign securities (not more than 25 percent)
6. Real estate (pooled) (not more than 10 percent)

The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and international fixed income. Additionally, the pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows. The pension funds utilize a combination of asset backed securities which vary in their degree of volatility.

The investments of the Wichita Retirement System on December 31, 2005 are listed as follows.

<u>Type of Investment</u>	<u>Fair Value</u>
Government short-term investment fund	\$ 13,200,332
Government securities, long-term	9,972,186
Corporate debt instruments, long-term	66,529,784
Mortgage-backed securities	52,476,704
Corporate stocks, common domestic	317,822,359
Corporate stocks, common international	107,797,709
Real estate	44,365,395
Value of interest in pooled funds, domestic fixed income	90,565,631
Value of interest in pooled funds, domestic equities	99,086,502
Value of interest in pooled funds, international equities	78,330,144
Securities lending short-term collateral investment pool	76,139,838
Total investments	<u>\$ 956,286,584</u>

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems (WRS) deposits may not be recovered. On December 31, 2005, the WRS's cash deposits in the amount of \$812,096 were included in the City's pooled cash and temporary investments. The Wichita Retirement Systems' (WRS) debt securities investments were registered in the name of WRS and were held in the possession of the WRS custodial bank, State Street.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The Wichita Retirement Systems manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Lehman Brothers Aggregate Bond Index unless the Joint Investment Committee prospectively grants

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

a written exception. The index range on December 31, 2005 was 3.66 to 5.48 for domestic debt securities. On December 31, 2005 only the mortgage and asset backed debt securities fell slightly outside of the policy guidelines.

The modified duration of investments on December 31, 2005 are as follows:

Investment Type	Fair Value	Modified Duration (yrs)
Government securities, long-term	\$ 9,972,186	4.02
Corporate debt	66,529,784	4.18
Mortgage and asset backed securities	52,476,704	3.50
Actively managed investment totals	128,978,674	3.88
Government Short Term Investment Fund	13,200,332	NA
Passive Bond Index Fund	90,565,631	4.53
Total investment in debt securities	\$ 232,744,637	

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement System manages exposure to investment credit risk by adhering to the following policy: At the time of purchase, bonds and preferred stocks must be rated at least "A" by either Moody's or Standard and Poor's. On December 31, 2005, no individual debt security in the investment manager's portfolio was outside of the policy guidelines.

On December 31, 2005, debt investments held by the Wichita Retirement System as rated by Standard and Poor's or an equivalent nationally recognized statistical rating organization are as follows.

Quality Rating	Total Domestic Debt Securities
AAA	\$ 68,234,868
AA+	486,834
AA	1,852,003
AA-	5,783,970
A+	20,598,676
A	21,913,925
A-	7,885,386
A2	1,564,825
A3	658,187
Total debt securities subject to credit risk	128,978,674
Government Short Term Investment Fund *	13,200,332
Passive Bond Index Fund **	90,565,631
Total investment in debt securities	\$232,744,637

* The average quality of the holdings of the Government Short Term Investment Fund on December 31, 2005 was A1+.

** The average quality of the holdings of the Passive Bond Market Fund on December 31, 2005 was AA2.

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

Concentration of Investment Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Wichita Retirement System investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds.

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The Wichita Retirement System manages the exposure to fair value loss by allowing the international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions.

The Wichita Retirement System's international investment manager uses forward contracts to hedge the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward contracts to enhance returns or to control volatility. Forward foreign exchange contracts are negotiated between two counterparties. The Retirement System could incur a loss if its counterparties failed to perform pursuant to the terms of the contractual obligations. Controls are established by the investment managers to monitor the creditworthiness of the counterparties.

All forward foreign currency contracts are carried at fair value by the Retirement System. As of December 31, 2005, the System had sold forward currency contracts with a fair value of \$5,452,529. Sales of forward currency contracts are receivables reported as Sale of Investment Securities.

The Wichita Retirement System's exposure to foreign currency risk on December 31, 2005 is listed as follows.

Currency	Equity at Fair Value (U.S. Dollars)
Australian dollar	\$ 10,606,928
Euro	36,901,908
Hong Kong dollar	2,925,989
Japanese yen	15,102,468
New Zealand dollar	1,809,849
Pound sterling	25,292,043
Singapore dollar	1,324,611
International equity mutual fund (various currencies)	92,164,057
Total securities subject to foreign currency risk	\$ 186,127,853

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board.

The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds the required value of the loaned

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. At year-end, the Systems had no credit risk exposure to borrowers due to the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, all loans were secured with cash collateral, involving both domestic and international equities and fixed income securities. For all loans, the term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However in lending securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 42 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine.

Custodial Credit Risk related to security lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the pension system will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the system's securities lending policy, on December 31, 2005, \$76,139,838 was held by the counterparty that was acting as the system's agent in securities lending transactions.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2005 was as follows (expressed in thousands of dollars):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 219,133	\$ 4,712	\$ (1,180)	\$ 222,665
Construction in progress	210,528	45,193	(124,231)	131,490
Total capital assets, not being depreciated	429,661	49,905	(125,411)	354,155
Capital assets, being depreciated:				
Buildings	189,017	40,375	(11)	229,381
Improvements other than buildings	36,603	13,899	(7,592)	42,910
Machinery, equipment and other assets	74,507	10,793	(8,275)	77,025
Infrastructure	360,722	67,334	(1,385)	426,671
Total capital assets being depreciated	660,849	132,401	(17,263)	775,987
Less accumulated depreciation for:				
Buildings	(73,468)	(9,214)	11	(82,671)
Improvements other than buildings	(12,814)	(1,446)	-	(14,260)
Machinery, equipment and other assets	(48,535)	(5,415)	5,699	(48,251)
Infrastructure	(105,530)	(9,185)	-	(114,715)
Total accumulated depreciation	(240,347)	(25,260)	5,710	(259,897)
Total capital assets, being depreciated, net	420,502	107,141	(11,553)	516,090
Governmental activities capital assets, net	\$ 850,163	\$ 157,046	\$ (136,964)	\$ 870,245

6. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 29,291	\$ 5,487	\$ (187)	\$ 34,591
Construction in progress	109,036	59,911	(18,208)	150,739
Total capital assets, not being depreciated	138,327	65,398	(18,395)	185,330
Capital assets, being depreciated:				
Airfields	107,800	3,343	-	111,143
Buildings	200,263	2,221	(67)	202,417
Improvements other than buildings	679,923	45,595	(98)	725,420
Machinery, equipment and other assets	96,387	9,128	(3,996)	101,519
Total capital assets being depreciated	1,084,373	60,287	(4,161)	1,140,499
Less accumulated depreciation for:				
Airfields	(68,558)	(3,944)	-	(72,502)
Buildings	(80,779)	(4,900)	68	(85,611)
Improvements other than buildings	(141,408)	(10,900)	1	(152,307)
Machinery, equipment and other assets	(50,355)	(7,756)	3,715	(54,396)
Total accumulated depreciation	(341,100)	(27,500)	3,784	(364,816)
Total capital assets, being depreciated, net	743,273	32,787	(377)	775,683
Business-type activities capital assets, net	<u>\$ 881,600</u>	<u>\$ 98,185</u>	<u>\$ (18,772)</u>	<u>\$ 961,013</u>

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
Governmental activities:	
General government	\$ 5,705
Public safety	2,193
Highways and streets, including depreciation of general infrastructure	9,429
Sanitation	123
Health and welfare	793
Culture and recreation	4,242
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	2,775
Total depreciation expense-governmental activities	<u>\$ 25,260</u>
Business-type activities:	
Water	8,920
Sewer	7,746
Airport Authority	6,470
Nonmajor enterprise funds	4,364
Total depreciation expense-business-type activities	<u>\$ 27,500</u>

7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFRS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for WERS and WPFRS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets: The Board of Trustees of all Systems have contractual arrangements with independent investment counselors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Board of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations of Credit Risks: There are no assets legally reserved for purposes other than the payment of plan member benefits. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

A. Wichita Employees' Retirement System

Plan Description: The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2005 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2005, the City's annual pension cost of \$2,358,466 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fourth year this smoothing method has been used. As of December 31, 2005, the actuarial liability was fully covered by the valuation assets. The City's funding policy is to amortize the surplus over a rolling 20 year period. The amortization of the existing surplus results in a temporary amortization credit.

Three Year Trend Information
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/03	\$ 2,007,656	100%	\$ 0
12/31/04	\$ 2,084,558	100%	\$ 0
12/31/05	\$ 2,358,466	100%	\$ 0

B. Police and Fire Retirement System

Plan Description: The WPFRS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City ordinance. Plan B was closed to new

7. Retirement Funds (continued)

B. Police and Fire Retirement System (continued)

entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFRS are authorized by the City Council.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. WPFRS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2005 was 14.0 percent of annual covered payroll. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2005, the City's annual pension cost of \$7,308,916 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2003 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

The actuarial accrued liability, as determined by the individual entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fourth year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2005, the amortization period was 20 years.

Three Year Trend Information
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/03	\$ 5,043,505	100%	\$ 0
12/31/04	\$ 6,925,467	100%	\$ 0
12/31/05	\$ 7,308,916	100%	\$ 0

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2005, current membership totaled 857.

Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent

7. Retirement Funds (continued)

C. Wichita Employees' Retirement System Plan 3 (continued)

vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2005, employee and employer contributions to Plan 3 totaled \$1,281,156 and \$1,281,156 respectively.

8. Self-Insurance Fund

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. Beginning in 1996, the City chose a fully insured health plan, Premier Blue, to replace the self-insured plan previously offered. Beginning in 2006, the City converted the capped cost life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the paying fund and revenues in the Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds.

A. Health Insurance

The employee health insurance program is a fully insured program with health insurance offered to substantially all full-time employees of the reporting entity. The employee health insurance in 2005 was provided through Coventry Health Care of Kansas through a preferred provider network (PPO) with out of area health benefits. A monthly premium is paid to the insurance company that is responsible for all medical and administrative costs. At December 31, 2005, the City had \$1,470,799 of net assets available for future health insurance premiums. The funds are being retained to stabilize future premium increases and provide a reserve, if the City should choose to self-insure the health insurance program in the future.

The fully insured prescription drug plan is included in the monthly premium paid to Coventry Health Care of Kansas.

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Employers Reinsurance Corporation. The deductible is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2005, the City recorded a liability of \$9,841,611 for estimated probable claims pending. Net assets at December 31, 2005 were \$629,952.

8. Self-Insurance Fund (continued)

C. Life Insurance

Prior to 2006, the City maintained a capped cost life insurance program administered by Minnesota Mutual Life Insurance Company, which provided basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental life for employees, voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2005, net assets totaled \$2,717,035.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. Effective November 1, 1996, the City purchased an excess policy of insurance for federal and out of state actions because the limitations under the State's Tort Claims Act do not apply to federal and out of state actions. The policy provided coverage of \$10 million with a \$1 million self-insured retention. Due to dramatic cost increases and the fact that the City experienced no claims against the policy since inception, the federal and out of state actions liability policy was not renewed on November 1, 2002. The decision not to renew the policy was considered by the actuary when making reserve calculations and is periodically reevaluated.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. At December 31, 2005, the City recorded a liability of \$12,856,190 for pending claims (maintaining a confidence level of 80 percent) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2005, net assets totaled \$7,418,461.

<u>Fund</u>	<u>Claims Paid</u>	<u>Beginning Balance</u>	<u>Changes in Actuarial Estimate</u>	<u>Ending Balance</u>	<u>Short Term Portion</u>
Worker's Compensation					
2003 - 2004	\$2,932,918	\$13,074,000	\$ (2,892,831)	\$ 10,181,169	\$ 3,612,120
2004 - 2005	2,593,360	10,181,169	(339,558)	9,841,611	3,504,288
General Liability					
2003 - 2004	1,455,605	4,188,000	4,715,451	8,903,451	2,074,445
2004 - 2005	3,422,192	8,903,451	1,966,587	10,870,038	3,451,987

9. Long-Term Debt

A. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2005 are as follows:

<u>Payable from</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Ad valorem property taxes	2.25 - 6.50%	\$ 62,211
Transient guest tax	4.3 - 6.87%	8,890
Tax increment financing	2.50 - 5.15%	25,362
Local sales tax	3.00 - 5.00%	<u>113,500</u>
Subtotal - governmental activities		<u>209,963</u>
Business-type activities:		
Storm Water Utility	2.5 - 4.60%	3,894
Golf Course System	4.625 - 5.20%	5,727
Wichita Airport Authority	4.90 - 8.80%	<u>3,150</u>
Subtotal - business-type activities		<u>12,771</u>
Total general obligation bonds		<u>\$ 222,734</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 25,764	\$ 9,084	\$ 3,175	\$ 558
2007	21,047	8,152	1,352	446
2008	20,268	7,385	1,402	382
2009	19,868	6,607	1,462	314
2010	17,769	5,881	1,333	241
2011 - 2015	71,712	17,897	4,047	545
2016 - 2020	<u>33,535</u>	<u>2,834</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 209,963</u>	<u>\$ 57,840</u>	<u>\$ 12,771</u>	<u>\$ 2,486</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 23,460	\$ 8,092
2007	22,005	6,927
2008	18,130	6,781
2009	17,780	6,101
2010	18,100	5,407
2011 - 2015	77,000	16,503
2016 - 2020	33,205	3,581
2021 - 2025	<u>690</u>	<u>89</u>
Totals	<u>\$ 210,370</u>	<u>\$ 53,481</u>

9. Long-Term Debt (continued)

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows (expressed in thousands of dollars):

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
<u>Primary Government</u>			
Enterprise Funds:			
Water and Sewer:			
1998-Water & Sewer	4.25 - 4.70%	2012	16,435
1999-Water & Sewer	4.00 - 6.00%	2018	9,460
2000A-Water	4.69%	2021	2,288
2000B-Water	4.69%	2021	3,939
2001-Water & Sewer	3.30 - 5.00%	2009	8,950
2003-Water & Sewer	2.00 - 5.25%	2028	118,365
2005A-Water & Sewer Refunding	3.00 - 5.00%	2016	42,540
2005B-Water & Sewer Refunding	2.95 - 3.94%	2016	26,695
2005C-Water & Sewer	3.25 - 5.125%	2030	46,975
Wichita Airport Authority:			
Airborne Freight Corp,			
Series A, 1994	6.60 - 6.75%	2009	435
Federal Express - Series A&B, 1997	6.45%	2013	841
Learjet, Inc.-Series A, 1997	7.00%	2007	2,067
Executive Aircraft Corp.-Series 1999	6.00 - 6.75%	2014	2,470
Cessna Aircraft Company-Series 2000	8.00%	2009	11,202
Yingling Aircraft-Series 2001	7.50%	2021	1,300
Cessna Aircraft Corp. - Series A, 2002	6.25%	2032	49,300
FlightSafety - Series A, 2003	Variable*	2031	2,860
Yingling Aircraft - Series A 2005	6.00%	2025	1,500
Cessna Aircraft Company - Series A 2005	5.00%	2025	5,850
Total Primary Government			<u>\$ 353,472</u>
<u>Component Unit</u>			
Wichita Public Building Commission:			
Wichita State University, Series K, 1999	5.00%	2007	500
Wichita State University, Series L, 2001	3.20 - 5.00%	2017	14,450
Kansas Sports Hall of Fame,			
Series M, 2003	2.10 - 4.40%	2023	1,585
State Office Building			
Refunding Series N, 2003	2.00 - 4.00%	2014	<u>12,780</u>
Total Component Unit -			
Wichita Public Building Commission			<u>\$ 29,315</u>

*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2005 of 3.75 percent.

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

Year ending December 31	Business-type Activities		Component Unit WPBC	
	Principal	Interest	Principal	Interest
2006	\$ 13,772	\$ 17,895	\$ 2,760	\$ 1,116
2007	14,426	17,321	2,325	1,026
2008	13,125	16,752	2,425	949
2009	25,556	16,231	2,505	866
2010	13,968	14,704	2,595	773
2011 - 2015	78,438	62,620	12,865	2,308
2016 - 2020	63,733	43,831	3,490	289
2021 - 2025	56,479	29,259	350	31
2026 - 2030	21,815	18,411	-	-
2031 - 2032	<u>52,160</u>	<u>4,724</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 353,472</u>	<u>\$ 241,748</u>	<u>\$ 29,315</u>	<u>\$ 7,358</u>

C. Section 108 Loans

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training, and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. See footnote 12.A. – Operating Leases, for further disclosure. Interest rates for amounts outstanding under the loan range from 5.75 percent to 6.33 percent.

The City also has entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to stimulate economic development through a low interest business loan program. The City has drawn \$3,000,000 from HUD for lending to qualifying business enterprises, to be repaid beginning in 2007 through 2022. At the close of 2005, \$2,683,383 was available for lending under business loan program. Interest rates on the amount outstanding vary based on the London Interbank Offered Rates (LIBOR) and are estimated to average 4.67 percent over the life of the loan. Debt service requirements to maturity for the HUD Section 108 loans are as follows (expressed in thousands of dollars):

Year ending December 31	Governmental Activities	
	Principal	Interest
2006	\$ 3,235	\$ 169
2007	250	126
2008	260	112
2009	280	96
2010	295	80
2011 - 2015	<u>990</u>	<u>127</u>
Totals	<u>\$ 5,310</u>	<u>\$ 710</u>

On January 19, 2005, the \$3,000,000 HUD load was repaid in full with the balance of the outstanding loans funded from a HUD economic development incentives grant.

D. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 27.56 years totaled \$24,119,327, or \$875,157 annually. Additionally, closure costs totaling \$160,619 and \$56,706 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste,

9. Long-Term Debt (continued)

NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2005

CITY OF WICHITA KANSAS

D. Other Long-Term Obligations (continued)

respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. Footnote 18.-Landfill Closure and Postclosure Care provides further disclosure.

E. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$334,315 are included in the amounts below. Also, for governmental activities, compensated absences are generally liquidated by the General Fund.

Long-term liability activity for the year ended December 31, 2005, follows (expressed in thousands of dollars):

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 235,665	\$ 4,140	\$ (29,842)	\$209,963	\$ 25,764
Special assessment debt with government commitment	206,720	34,440	(30,790)	210,370	23,460
Deferred amount on refunding	(211)	(913)	103	(1,021)	-
Unamortized premium	9,104	1,401	(1,194)	9,311	-
Total bonds payable	\$ 451,278	\$ 39,068	\$ (61,723)	\$428,623	\$ 49,224
Bond anticipation notes	23,160	18,629	(23,160)	18,629	18,629
Section 108 loan	5,530	-	(220)	5,310	235
Accreted interest	2,784	539	(462)	2,861	-
Compensated absences	7,651	7,764	(7,490)	7,925	6,955
Landfill closure and postclosure care	24,902	85	(650)	24,337	875
Total long-term liabilities – Governmental activities	<u>\$ 515,305</u>	<u>\$ 66,085</u>	<u>\$ (93,705)</u>	<u>\$487,685</u>	<u>\$ 75,918</u>
Business-type activities					
Bonds payable:					
General obligation bonds	\$ 15,846	\$ -	\$ (3,075)	\$ 12,771	\$ 3,175
Revenue bonds	316,669	126,555	(89,752)	353,472	13,772
Bond anticipation notes	-	6,233	-	6,233	6,233
Deferred amount on refunding	(805)	(2,101)	201	(2,705)	-
Unamortized premium	5,254	6,659	(521)	11,392	-
Total bonds payable	336,964	137,346	(93,147)	381,163	23,180
Compensated absences	1,382	1,525	(1,422)	1,485	1,307
Total long-term liabilities – Business-type activities	<u>\$ 338,346</u>	<u>\$138,871</u>	<u>\$ (94,569)</u>	<u>\$382,648</u>	<u>\$ 24,487</u>
Wichita Public Building Commission					
Bonds payable:					
Revenue bonds	\$ 32,075	\$ -	\$ (2,760)	\$ 29,315	\$ 2,760
Unamortized premium	419	-	(32)	387	-
Total long-term liabilities- WPBC	<u>\$ 32,494</u>	<u>\$ -</u>	<u>\$ (2,792)</u>	<u>\$ 29,702</u>	<u>\$ 2,760</u>

9. Long-Term Debt (continued)

F. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective Enterprise Funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2005, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

G. Current, Advance and Crossover Refunding of Long-Term Debt

Current Refunding: On May 12, 2005, Series 2005A Water and Sewer Utility Refunding Revenue Bonds in the amount \$45,535,000 were issued with a net interest cost of 3.85 percent for a current refunding of Series 1997 Water and Sewer Utility Revenue Bonds with a net interest cost of 4.61 percent. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,06,283, which is recorded as a reduction in long term liabilities and will be amortized to operations through the year 2016. The City completed the current refunding to reduce the total debt service payments over the following 11 years by \$1,982,535 and to obtain an economic gain of \$1,611,699. As a result of the current refunding, the refunded bonds are considered to be defeased and have been removed from the long-term debt of the Water and Sewer Utilities.

Advance Refunding: On August 17, 2005, Series 2005B Water and Sewer Utility Refunding Revenue Bonds in the amount \$26,695,000 were issued with a net interest cost of 3.94 percent for an advance refunding of Series 1999 Water and Sewer Utility Revenue Bonds with a net interest cost of 4.97 percent. Proceeds of the Series 2005 B Bonds together with other funds of the Water and Sewer Utility shall be used to pay debt service on the Series 1999 Bonds up to the redemption date and including the redemption of the bonds.

The funds have been deposited in an irrevocable escrow fund established with the Security Bank of Kansas City, Kansas to redeem the bonds at the earliest call date. Any funds remaining in the escrow fund after payment of the refunded bonds shall be applied to the payment of the debt service requirements on the Series 2005 Bonds. As a result of the advance refunding, the refunded bonds are considered to be defeased and have been removed from the long-term debt of the Water and Sewer Utilities. The Series 1999 Bonds maturing in October 1, 2017 and October 1, 2018 will remain outstanding and are reflected in the outstanding debt of the respective Utilities.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,076,050, which is recorded as a reduction in long term liabilities and will be amortized to operations through the year 2016. The City completed the advance refunding to reduce the total debt service payments over the following 11 years by \$1,845,737 and to obtain an economic gain of \$1,591,862.

Cross-over Refunding: On December 1, 2004, the City issued \$41,730,000 in general obligation bonds with a net interest cost of 3.60 percent for a crossover refunding of 1998 Series 750 with a net interest cost of 3.43 percent, 1998 Series 752 with a net interest cost of 3.42 percent, 1999 Series 756 with a net interest cost of 3.58, 2000 Series 758 with a net interest cost of 3.74 percent, 2000 Series 760 with a net interest cost of 3.75 percent, 1998 Series 950 with a net interest cost of 3.48 percent and 1999 Series 955 with a net interest cost of 3.63 percent. The proceeds of the crossover advance refunding bonds have been placed into an escrow account to temporarily pay the interest on the new bonds up to each crossover date and meet the costs of the refunding on the call date. The debt service requirements on the old bonds, up to the crossover date, are paid from the resources in the Debt Service Fund.

9. Long-Term Debt (continued)

G. Current and Crossover Refunding of Long-Term Debt (continued)

The City completed the crossover advance refunding to reduce the total debt service payments over the following 11 years by \$2,132,722 and to obtain an economic gain of \$1,754,273.

At the crossover date, the resources in the escrow account will cease to pay scheduled interest payments on the new debt, but will pay the outstanding balance of the old bonds and accrued interest. Until the balance of the old bonds are fully paid, the bonds are not considered to be legally defeased and continue to be recorded as a liability of the City. The City has recorded the outstanding liability of the bonds issued on December 1, 2004 and the corresponding funds in escrow.

General obligation bond Series 750, Series 752 and Series 950 had a crossover date of September 1, 2005 and were legally defeased at that date. Series 756 and Series 955 have a crossover date of September 1, 2006; and Series 758 and Series 760 have a crossover date of September 1, 2007. Upon the final payment on each of the bond series, the bonds will be considered legally defeased and the liability will be removed from the long-term debt of the City.

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2005, \$8,725,000 from the Wichita Public Building Commission are considered defeased.

11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2005 are payable as follows:

Primary Government	Interest Rate	Amount Outstanding	Maturity Date
Capital Projects Funds:			
Street and Bridge Improvements - Series 214	3.75 %	\$ 28,018,143	02/09/06
Water Improvements -Series 214	3.75 %	2,781,000	02/09/06
Sewer Improvements - Series 214	3.75 %	6,472,000	02/09/06
Public Improvements -Series 214	3.75 %	21,190,000	02/09/06
Park Improvements -Series 214	3.75 %	1,220,857	02/09/06
Enterprise funds:			
Storm Water Utility Improvements - Series 214	3.75 %	6,498,000	02/09/06
Total Reporting Entity		<u>\$ 66,180,000</u>	

11. Temporary Notes Payable (continued)

During 2005, the City issued \$123,765,000, retired \$109,885,000 and reclassified \$24,862,410 of temporary notes for various capital improvement projects activities.

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$52,300,000	\$123,765,000	\$109,885,000	\$66,180,000

12. Leases

A. Rentals Under Operating Leases

The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. These leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

<u>Year ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Leases</u>
2006	\$ 6,252,158
2007	3,377,635
2008	3,284,983
2009	2,887,859
2010	2,437,915
2011 - 2015	10,051,032
2016 - 2020	9,337,567
2021 - 2025	7,833,629
2026 - 2030	3,225,795
2031 - 2035	2,160,895
2036 - 2040	1,466,344
2041 - 2044	1,219,877
Total minimum future rentals	<u>\$ 53,535,689</u>

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$1,662,059 in 2005.

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority- owned land by 21 tenants. The tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 25 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for The Wichita State University, the State of Kansas and Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. These bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

12. Leases (continued)

A. Rentals Under Operating Leases (continued)

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of The Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2005:

	WAA	WPBC	Total
Total minimum lease payments to be received	\$ 176,139,659	\$ 36,673,109	\$ 212,812,768
Less: unearned income	98,314,679	7,358,109	105,672,788
Net investment in direct financing leases	<u>\$ 77,824,980</u>	<u>\$ 29,315,000</u>	<u>\$ 107,139,980</u>

The future minimum lease rentals to be received under direct financing leases are as follows:

Year ending December 31	Wichita Public		
	Airport Authority	Building Commission	Total
2006	\$ 6,198,817	\$ 3,876,466	\$ 10,075,283
2007	6,201,407	3,350,824	9,552,231
2008	5,066,924	3,374,209	8,441,133
2009	16,494,889	3,370,587	19,865,476
2010	4,266,208	3,368,228	7,634,436
2011 - 2015	20,511,636	15,172,964	35,684,600
2016 - 2020	18,316,760	3,778,371	22,095,131
2021 - 2025	26,282,281	381,460	26,663,741
2026 - 2030	15,916,760	-	15,916,760
2031 - 2033	56,883,977	-	56,883,977
Total minimum future rentals	<u>\$ 176,139,659</u>	<u>\$ 36,373,109</u>	<u>\$ 212,512,768</u>

13. Conduit Debt Obligations

From time to time the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Industrial Revenue Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2005, there were 130 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$3,389,712,363.

13. Conduit Debt Obligations (continued)

Special Facility Revenue Bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2005, 10 series of Special Facility Revenue Bonds were outstanding totaling \$77,824,980. See Note 12.B., Direct Financing Leases, for further disclosure.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. These bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2005, the aggregate principal amount payable was \$29,315,000. See Note 12.B., Direct Financing Leases, for further disclosure.

14. Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. During the year ended December 31, 2005, interfund transfers totaled \$73,609,979, that is, both transfer revenue and expenditures were each \$73,609,979.

Non-routine transfers from the General Fund to nonmajor governmental funds consisted primarily of \$1.3 million for economic development activities and various capital projects. The Debt Service Fund transfers of \$7.1 million to nonmajor governmental funds, nonmajor enterprise funds and the Street Improvement Fund reflect transfers to capital projects to retire temporary notes and cash fund projects. Summary information is provided in the following table.

<u>Fund</u>	<u>Transfers Out</u>
Major Funds:	
General Fund	\$ 10,741,574
Federal/State Assistance	1,082,692
Debt Service Fund	7,051,672
Water Utility	1,840,365
Sewer Utility	1,181,780
Airport	726,170
Nonmajor Governmental	49,212,186
Nonmajor Enterprise	299,040
Internal Service	1,474,500
Total Transfers Out	<u>\$ 73,609,979</u>

<u>Fund</u>	<u>Transfers In</u>
Major Funds:	
General Fund	\$ 6,399,595
Federal/State Assistance	114,794
Street Improvement	17,688,267
Debt Service	21,676,080
Nonmajor Governmental	22,018,403
Nonmajor Enterprise	4,667,080
Internal Service	1,045,760
Total Transfers In	<u>\$ 73,609,979</u>

15. Interfund Receivables/Payables

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2005 are presented in the following table:

Fund	Interfund Receivables
Federal and State Assistance Funds:	
Police Federal Grants Subfund	\$ 411,684
Debt Service Fund	1,508,414
Nonmajor governmental funds:	
Local Sales Tax CIP Fund	19,859,292
Total	<u>\$ 21,779,390</u>

Fund	Interfund Payables
Street Improvement Fund	\$ 10,697,367
Nonmajor Governmental Funds:	
Water Main Extension Fund	2,006,916
Park Bond Construction Fund	1,318,756
Sewer Construction Fund	5,836,253
Federal and State Assistance Funds:	
Unified Work Program Subfund	183,797
Emergency Shelter HUD Subfund	20,297
Federal Health Projects Subfund	72,722
Emergency Shelter SRS Subfund	24,770
HOME Program Subfund	110,098
Nonmajor Enterprise Funds	
Golf Fund	1,508,414
Total	<u>\$ 21,779,390</u>

Interfund receivables/payables at the end of December 2005 include a cash advance from the Police Federal Grants to the various federal and state assistance subfunds for which grant drawdowns are pending, and a Golf Fund payable to Debt Service while the Golf Fund operations are being restructured. Most significant are the receivables in the Local Sales Tax CIP Fund of \$19.9 million to the Capital Project Funds until projects are completed and long term financing has been secured.

16. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted for a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

The following designations of fund balances are reflected in the governmental fund financial statements. A fund balance designation is reported in the amount of \$13,390,142 for the General Fund for the subsequent year's appropriation. Of the unreserved fund balance of the Debt Service Fund, \$32,113,494 is designated for future debt

16. Reserves and Designations of Fund Balances (continued)

service requirements. \$25,173,606 of the Debt Service Fund balance is held in escrow as a result of a cross over refunding bond sale and is designated for repayment and defeasement of general obligation bonds Series 750, Series 752 and Series 950. Additional information regarding the crossover refunding is located in Note 9-H of these notes to the financial statements.

17. Passenger Facility Charges

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee from January 1, through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted to use for certain FAA approved capital improvement projects. As of December 31, 2005, the Airport Authority has submitted and received approval on four applications with a total amended authorized amount of \$25,595,809 of which \$21,140,257 has been collected.

18. Landfill Closure and Postclosure Care

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Accordingly, a liability of \$24,119,327 for postclosure care for the remaining 27.56 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2005.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at the existing Brooks site. The C & D landfill began operation on October 1, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2005, a long-term liability of \$160,619 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 24.2 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$503,096 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2019, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2005, a long-term liability of \$56,706 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 11.5 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$436,389 as the

18. Landfill Closure and Postclosure Care (continued)

remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2037, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws and regulations.

Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

19. Prior Period Adjustments

A prior period adjustment of \$353,833 was recorded in the Federal/State Fund to establish a deferred revenue account for Community Development Block Grant deferred and revolving loans previously recorded in accounts receivable and in the fund balance.

20. Contingencies and Commitments

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's basic financial statements.

Under Kansas Statutes, should the courts sustain any of the litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of Federal and State assisted grant programs, which are subject to financial, and compliance requirements with each applicable grant and any disallowed costs resulting from such audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2005.

C. Environmental Matters

Gilbert and Mosley Groundwater Contamination Site: An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site - protect human health and the environment, develop a clean-up plan and avert property value decline within the site - the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS). Through this agreement the City has undertaken the obligation to perform the RI/FS and to perform such corrective measures as may be indicated by the RI/FS. A tax increment financing district (TIF) was established to raise funds for obligations the City may

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

incur under the agreement with KDHE. The City also pursued cost recovery from potentially responsible parties (PRPs), and portions of the costs have been recovered.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site.

The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlined the methods that are to be used for clean-up of the site and the Corrective Action Decision for Interim Groundwater Remediation specified the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination.

The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001. The remediation system for plumes ABE has been constructed including thirteen pumping wells and five and one half miles of pipeline. Cleanup of the groundwater commenced in December of 2002. At the end of December 2005, the City had cleaned over one billion gallons of contaminated groundwater.

Sixteen source locations have been identified as contributing to the down gradient groundwater contamination. Three of the 16 sources are now under the jurisdiction of the Dry Cleaner's Trust Fund that is administered by KDHE and will not require further remedial action from the City. Another seven source properties have been proven to be "non-continuing" or "non-active" sources and will not require active remediation work by the City, only monitoring as approved by KDHE. Six source locations (sites) require action according to KDHE. Four of these sites are declared orphan sites and the City of Wichita is responsible in accordance with its KDHE agreement. Three of the sites have been investigated and two sites are being remediated as one unit called the TriState/Harcros. Remediation action began in December 2005. One site, South Washington and English, had a KDHE Corrective Action Decision approved and provided to the City of Wichita in October 2005. Remediation will begin on this site in 2006. Other sites still need further investigation and remediation as required by the agreement with KDHE.

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. The action was filed against 26 defendants that owned or operated businesses at fifteen locations within the site. Settlements with a value of \$10 million (cash payments, future payments and reduced City responsibilities) were made with a number of the potentially responsible parties (PRPs) before and during litigation. The efforts were intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment financing (TIF) district. In 2004, the Kansa Legislature approved changed to the law that would allow the City to extend the TIF district ten additional years (from 2011 to 2021) provided two effected taxing districts (Sedgwick County and Unified School District 259) provide their approvals. The City will seek these approvals in 2006.

The Federal Court trial of the claims against four defendants was held in 2002 with the Court rendering its decision in 2004. The Court found three defendants liable for groundwater contamination and allocated to each of those defendants liability for a portion of the past and future costs of investigation and remediation. In addition, the Coleman Company had initially committed to paying its share of the cleanup cost through a joint agreement with the City of Wichita. Arbitration of the allocation of those costs also concluded in 2004. The City received reimbursement for the allocated share of past costs from each of these PRPs and the Coleman Company. The City continues to invoice for reimbursement of future costs from these parties as they occur.

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

The APCO Liquidating Trust (APCO) was one of the responsible parties found liable for the contamination by the Court. In August 2005, APCO filed for bankruptcy. APCO had already settled and paid its obligation to the City for past costs, but remains liable for 100 percent of future source control costs at this site. If APCO does not assume responsibility for this source control, KDHE will demand that the City be for future source control actions. The City has filed a bankruptcy claim of \$1.3 million in projected future costs. The Environmental Protection Agency and the State of Oklahoma have also filed claims against the assets for environmental damages. The extend of the recovery by the City of Wichita from APCO can not yet be determined. The City has not incurred any costs for this source control.

In January of 2002, the net present value of the proposed down gradient plume cleanup plan was estimated to total approximately \$16.4 million. Source area investigations and control were projected to be another \$9.7 million. Since the estimate was prepared, additional investigations, work plans and settlements have occurred. A recalculation of the net present value of the estimated total costs is planned after the City has more specific cost projections based on recent modeling (re-calibration) of the site-wide remediation effectiveness, the source properties are investigated and the remedial activities are determined.

North Industrial Corridor Groundwater Contamination Site: In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). The City of Wichita signed an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site. Since the 1995 signing of the agreement, the City has had the NIC Site removed from the National Priority List (NPL). The City has created a tax increment financing district to finance portions of the project. In addition, the City has entered into an agreement with more than 25 businesses in the area, called the NIC Participant Group, that have provided partial funding for the RI/FS for the NIC site.

The investigation and cleanup plan is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment (KDHE) to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site.

The NIC Site Final Remedial Investigation Report has been completed and has been submitted to KDHE for approval (June 2004). KDHE approved all but a few sections of the RI and requested additional source investigation. The City of Wichita completed the additional source investigation and submitted the information to KDHE. Upon full approval of the RI, the feasibility study will be completed and submitted to KDHE. Until the remedial investigation and feasibility study for the NIC area is complete, a final resolution of cost sharing by potentially responsible parties and the NIC Participants cannot be finalized; therefore a meaningful estimation of the total cost of investigation and cleanup activities is not currently available.

Brooks Landfill: In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of this finding, the City entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City installed and is operating cleanup facilities at the site to address the contamination.

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

In 2003, an additional contamination plume was found and a limited groundwater investigation was conducted by the City to evaluate the adequacy of the existing groundwater monitoring network along the south side of the Brooks site. As of December 31, 2005, the work under the Release Assessment Plan has been completed and as a result, KDHE has indicated a need for additional monitoring wells. The City is proceeding with the placement of those additional wells.

The related liability for the groundwater contamination cleanup is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2003. Note 18 - Landfill Closure and Post Closure Care, provides further disclosure regarding the future funding of landfill liabilities.

D. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$110,906,356 at December 31, 2005. This amount is reflected as reserve for encumbrances in capital projects funds.

E. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2005, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

F. Economic Development Activities

The City has established tax increment financing districts to support economic development activities, including the East Bank, 21st and Grove, and Old Town Redevelopment Districts. The City's contributions to these projects include streets, a waterwalk, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds of which \$17.7 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and the Hotel at Old Town are not sufficient, and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

In 1998, the City acquired the Hyatt Hotel adjacent to the Century II and Expo Hall Convention Center to insure that the hotel maintained premiere service for convention business. The Hyatt Hotel is managed under contract

by the Hyatt Corporation and the operations of the Hyatt Hotel are not related to the operations of the City in any manner.

21. Subsequent Events

On February 1, 2006, the City issued \$19,300,000 of 15-year general obligation bonds (Series 784) with an average interest rate of 4.0 percent. The City also issued \$6,805,000 in general obligation tax increment financing bonds (Series 785) with an average interest rate 3.875 percent. Additionally, the City issued \$56,370,000 general obligation renewal and improvement temporary notes (Series 215) with an average interest rate of 4.5 percent on February 1, 2006.

Accordingly, temporary notes payable totaling \$24,862,410 were reclassified as bond anticipation notes and are recorded as long-term liabilities of the City as of December 31, 2005. Bond anticipation notes in the amount of \$6,233,000 are recorded as long-term liabilities in the enterprise funds and \$18,629,410 are recorded as long term liabilities in the governmental funds. The notes in the amount of \$24,862,410 were refinanced through the issuance of general obligation bonds (Series 784 and Series 785) on February 1, 2006.

CITY OF WICHITA, KANSAS

2005 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	\$ 446,794	\$ 387,037	\$ (59,757)	115.4	\$ 69,161	(86.4)
12/31/04	462,994	413,159	(49,835)	112.1	72,154	(69.1)
12/31/05	479,275	433,297	(45,978)	110.6	72,367	(63.5)

Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	\$ 374,171	\$ 350,444	\$ (23,726)	106.8	\$ 45,876	(51.7)
12/31/04	392,485	393,387	902	99.8	50,414	1.8
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3

—— GOVERNMENTAL FUNDS ——

Nonmajor Special Revenue Funds

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

*Tourism and Convention
Downtown Trolley System
Special Alcohol Program
Special Parks and Recreation
Ice Rink Management
Landfill
Landfill Postclosure
Central Inspection
Economic Development
Sales Tax Pledge
Property Management Operations
State Office Building
Tax Increment Financing (TIF) Districts
Self-Supporting Municipal Improvement District
City-County
Art Museum Board*

Nonmajor Capital Projects Funds

The purpose of the Capital Projects Funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor Capital Projects Funds:

*Water Main Extension
Park Bond Construction
Public Improvement Construction
Sewer Construction
Local Sales Tax CIP*

Permanent Fund

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of two cemeteries maintained by the municipality.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2005 (with comparative totals for December 31, 2004)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2005 Totals	2004 Totals
ASSETS					
Cash and cash equivalents	\$ 56,319,419	\$ 14,303,215	\$ 587,085	\$ 71,209,719	\$ 87,665,763
Investments	-	-	248,933	248,933	251,446
Receivables, net:					
Due from other agencies	3,500	300,000	-	303,500	428,500
Accounts	1,940,233	225,778	-	2,166,011	1,599,971
Interest	-	-	2,792	2,792	2,792
Due from other funds	-	19,859,292	-	19,859,292	14,646,880
Notes receivable	-	-	-	-	3,480,000
Total assets	\$ 58,263,152	\$ 34,688,285	\$ 838,810	\$ 93,790,247	\$ 108,075,352
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts payable and other liabilities	\$ 456,518	\$ 793,411	\$ 315	\$ 1,250,244	\$ 1,365,646
Accrued interest payable	-	276,978	-	276,978	128,305
Temporary notes payable	-	22,333,397	-	22,333,397	17,759,500
Deposits	79,571	-	-	79,571	87,593
Due to other funds	-	9,161,925	-	9,161,925	14,761,726
Unearned revenue	828,100	-	-	828,100	1,275,000
Total liabilities	1,364,189	32,565,711	315	33,930,215	35,377,770
Fund balances (deficits):					
Reserved for encumbrances	2,385,061	9,708,892	315	12,094,268	11,616,331
Reserved for cemetery perpetual care	-	-	235,437	235,437	235,437
Unreserved, undesignated	54,513,902	(7,586,318)	602,743	47,530,327	60,845,814
Total fund balances (deficits)	56,898,963	2,122,574	838,495	59,860,032	72,697,582
Total liabilities and fund balances	\$ 58,263,152	\$ 34,688,285	\$ 838,810	\$ 93,790,247	\$ 108,075,352

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2005
(with comparative totals for December 31, 2004)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
ASSETS					
Cash and cash equivalents	\$ 1,268,003	\$ 10,234	\$ 527,354	\$ 152,774	\$ 63,119
Receivables, net:					
Due from other agencies	-	-	-	-	-
Accounts	-	3,513	-	-	-
	<u>-</u>	<u>3,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,268,003</u>	<u>\$ 13,747</u>	<u>\$ 527,354</u>	<u>\$ 152,774</u>	<u>\$ 63,119</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ 42,206
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,206</u>
Fund balances:					
Reserved for encumbrances	32,274	50	158,313	-	4,663
Unreserved, undesignated	1,235,729	13,697	369,041	152,774	16,250
	<u>1,268,003</u>	<u>13,747</u>	<u>527,354</u>	<u>152,774</u>	<u>20,913</u>
Total fund balances	<u>1,268,003</u>	<u>13,747</u>	<u>527,354</u>	<u>152,774</u>	<u>20,913</u>
Total liabilities and fund balances	<u>\$ 1,268,003</u>	<u>\$ 13,747</u>	<u>\$ 527,354</u>	<u>\$ 152,774</u>	<u>\$ 63,119</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ 4,836,365	\$ 25,802,032	\$ 1,409,989	\$ 2,746,464	\$ 6,517,658	\$ 1,609,525	\$ 782,283
-	-	-	-	-	3,500	-
-	-	3,610	1,907,300	-	-	-
<u>\$ 4,836,365</u>	<u>\$ 25,802,032</u>	<u>\$ 1,413,599</u>	<u>\$ 4,653,764</u>	<u>\$ 6,517,658</u>	<u>\$ 1,613,025</u>	<u>\$ 782,283</u>

\$ 3,245	\$ 2,132	\$ 74,402	\$ 15,637	\$ -	\$ 89,622	\$ 14,121
-	-	53,000	-	-	7,179	-
-	-	-	-	-	-	-
-	-	-	828,100	-	-	-
<u>3,245</u>	<u>2,132</u>	<u>127,402</u>	<u>843,737</u>	<u>-</u>	<u>96,801</u>	<u>14,121</u>

108,549	84,181	17,864	1,615,018	-	1,050	24,844
<u>4,724,571</u>	<u>25,715,719</u>	<u>1,268,333</u>	<u>2,195,009</u>	<u>6,517,658</u>	<u>1,515,174</u>	<u>743,318</u>
<u>4,833,120</u>	<u>25,799,900</u>	<u>1,286,197</u>	<u>3,810,027</u>	<u>6,517,658</u>	<u>1,516,224</u>	<u>768,162</u>
<u>\$ 4,836,365</u>	<u>\$ 25,802,032</u>	<u>\$ 1,413,599</u>	<u>\$ 4,653,764</u>	<u>\$ 6,517,658</u>	<u>\$ 1,613,025</u>	<u>\$ 782,283</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2005
(with comparative totals for December 31, 2004)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2005	2004
ASSETS						
Cash and cash equivalents	\$ 10,296,130	\$ 13,426	\$ 223,489	\$ 60,574	\$ 56,319,419	\$ 55,804,164
Receivables, net:						
Due from other agencies	-	-	-	-	3,500	128,500
Accounts	25,810	-	-	-	1,940,233	1,318,779
Total assets	\$ 10,321,940	\$ 13,426	\$ 223,489	\$ 60,574	\$ 58,263,152	\$ 57,251,443
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other liabilities	\$ 1,425	\$ -	\$ 165,708	\$ 48,020	\$ 456,518	\$ 904,069
Deposits	-	-	19,392	-	79,571	87,593
Due to other funds	-	-	-	-	-	25,000
Deferred revenue	-	-	-	-	828,100	1,155,000
Total liabilities	1,425	-	185,100	48,020	1,364,189	2,171,662
Fund balances:						
Reserved for encumbrances	299,866	-	38,389	-	2,385,061	2,693,413
Unreserved, undesignated	10,020,649	13,426	-	12,554	54,513,902	52,386,368
Total fund balances	10,320,515	13,426	38,389	12,554	56,898,963	55,079,781
Total liabilities and fund balances	\$ 10,321,940	\$ 13,426	\$ 223,489	\$ 60,574	\$ 58,263,152	\$ 57,251,443

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2005

(with comparative totals for December 31, 2004)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 6,283,245
Due from other agencies	-	-	300,000
Accounts receivable, net	-	-	225,778
Due from other funds	-	-	-
Notes receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,809,023</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and other liabilities	\$ 69,481	\$ 32,372	\$ 20,607
Accrued interest payable	24,733	10,858	127,227
Temporary notes payable	997,030	1,220,857	14,305,000
Due to other funds	2,006,916	1,318,756	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>3,098,160</u>	 <u>2,582,843</u>	 <u>14,452,834</u>
 Fund balances:			
Reserved for encumbrances	1,315,683	1,110,334	4,280,256
Unreserved, undesignated	<u>(4,413,843)</u>	<u>(3,693,177)</u>	<u>(11,924,067)</u>
 Total fund balances (deficits)	 <u>(3,098,160)</u>	 <u>(2,582,843)</u>	 <u>(7,643,811)</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,809,023</u>

Sewer Construction	Local Sales Tax CIP	Totals	
		2005	2004
\$ -	\$ 8,019,970	\$ 14,303,215	\$ 31,283,162
-	-	300,000	300,000
-	-	225,778	281,192
-	19,859,292	19,859,292	14,646,880
-	-	-	3,480,000
<u>\$ -</u>	<u>\$ 27,879,262</u>	<u>\$ 34,688,285</u>	<u>\$ 49,991,234</u>
\$ 670,951	\$ -	\$ 793,411	\$ 456,427
114,160	-	276,978	128,305
5,810,510	-	22,333,397	17,759,500
5,836,253	-	9,161,925	14,736,726
-	-	-	120,000
<u>12,431,874</u>	<u>-</u>	<u>32,565,711</u>	<u>33,200,958</u>
3,002,619	-	9,708,892	8,922,918
<u>(15,434,493)</u>	<u>27,879,262</u>	<u>(7,586,318)</u>	<u>7,867,358</u>
<u>(12,431,874)</u>	<u>27,879,262</u>	<u>2,122,574</u>	<u>16,790,276</u>
<u>\$ -</u>	<u>\$ 27,879,262</u>	<u>\$ 34,688,285</u>	<u>\$ 49,991,234</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2005 Totals	2004 Totals
REVENUES					
Taxes	\$ 11,460,320	\$ -	\$ -	\$ 11,460,320	\$ 10,443,841
Special assessments	-	367,032	-	367,032	804,205
Local sales tax	22,590,482	-	-	22,590,482	22,369,484
Intergovernmental	5,435,226	6,607,164	-	12,042,390	4,604,486
Licenses and permits	4,665,686	-	-	4,665,686	4,110,286
Rentals	1,630,247	-	-	1,630,247	1,803,358
Interest earnings	1,168,616	580,674	32,840	1,782,130	793,555
Charges for services and sales	2,616,889	-	-	2,616,889	3,122,019
Other	1,691,230	4,665,808	-	6,357,038	7,036,170
Total revenues	<u>51,258,696</u>	<u>12,220,678</u>	<u>32,840</u>	<u>63,512,214</u>	<u>55,087,404</u>
EXPENDITURES					
Current:					
General government	7,406,957	-	21,870	7,428,827	7,328,856
Public safety	6,450,160	-	-	6,450,160	6,591,154
Sanitation	1,035,695	-	-	1,035,695	1,403,195
Health and welfare	2,492,926	-	-	2,492,926	3,576,333
Culture and recreation	4,691,079	-	-	4,691,079	4,792,363
Debt service:					
Principal retirement	-	12,629,600	-	12,629,600	14,875,582
Interest and fiscal charges	-	694,471	-	694,471	362,874
Capital outlay	-	45,299,549	-	45,299,549	42,050,988
Total expenditures	<u>22,076,817</u>	<u>58,623,620</u>	<u>21,870</u>	<u>80,722,307</u>	<u>80,981,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,181,879</u>	<u>(46,402,942)</u>	<u>10,970</u>	<u>(17,210,093)</u>	<u>(25,893,941)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term capital debt	-	31,566,326	-	31,566,326	40,523,083
Transfers from other funds	6,558,062	15,460,341	-	22,018,403	42,784,592
Transfers to other funds	(33,920,759)	(15,291,427)	-	(49,212,186)	(28,965,950)
Total other financing sources (uses)	<u>(27,362,697)</u>	<u>31,735,240</u>	<u>-</u>	<u>4,372,543</u>	<u>54,341,725</u>
Net change in fund balances	1,819,182	(14,667,702)	10,970	(12,837,550)	28,447,784
Fund balances - beginning	55,079,781	16,790,276	827,525	72,697,582	43,855,624
Prior period adjustment	-	-	-	-	394,174
Fund balances (deficits) - ending	<u>\$ 56,898,963</u>	<u>\$ 2,122,574</u>	<u>\$ 838,495</u>	<u>\$ 59,860,032</u>	<u>\$ 72,697,582</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
REVENUES					
Taxes	\$ 5,063,526	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-	-
Intergovernmental	-	-	1,449,967	1,449,967	-
Licenses and permits	-	-	-	-	-
Rentals	-	200	-	-	29,681
Interest earnings	47,207	230	8,447	2,574	268
Charges for services and sales	-	78,520	-	-	824,434
Other	-	-	-	-	11,156
Total revenues	<u>5,110,733</u>	<u>78,950</u>	<u>1,458,414</u>	<u>1,452,541</u>	<u>865,539</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	1,548,137	-	-
Culture and recreation	2,142,715	86,864	-	-	1,140,586
Total expenditures	<u>2,142,715</u>	<u>86,864</u>	<u>1,548,137</u>	<u>-</u>	<u>1,140,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,968,018</u>	<u>(7,914)</u>	<u>(89,723)</u>	<u>1,452,541</u>	<u>(275,047)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	193,810
Transfers to other funds	(2,355,780)	-	-	(1,415,000)	-
Total other financing sources (uses)	<u>(2,355,780)</u>	<u>-</u>	<u>-</u>	<u>(1,415,000)</u>	<u>193,810</u>
Net change in fund balances	612,238	(7,914)	(89,723)	37,541	(81,237)
Fund balances - beginning	<u>655,765</u>	<u>21,661</u>	<u>617,077</u>	<u>115,233</u>	<u>102,150</u>
Prior period adjustment	-	-	-	-	-
Fund balances - ending	<u>\$ 1,268,003</u>	<u>\$ 13,747</u>	<u>\$ 527,354</u>	<u>\$ 152,774</u>	<u>\$ 20,913</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ -	\$ -	\$ 2,318	\$ -	\$ -	\$ -	\$ -
-	-	-	-	22,590,482	-	-
-	-	-	1,000,000	-	-	-
-	-	4,665,686	-	-	-	-
-	41,006	-	-	-	566,416	992,944
95,359	550,301	23,303	33,307	118,604	32,588	11,430
387,104	-	768,699	10,000	-	244,392	14,738
4,271	-	-	268,144	-	98,825	19,677
<u>486,734</u>	<u>591,307</u>	<u>5,460,006</u>	<u>1,311,451</u>	<u>22,709,086</u>	<u>942,221</u>	<u>1,038,789</u>
-	-	-	3,466,893	-	733,092	1,021,910
-	-	5,084,648	-	-	-	-
591,707	443,988	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>591,707</u>	<u>443,988</u>	<u>5,084,648</u>	<u>3,466,893</u>	<u>-</u>	<u>733,092</u>	<u>1,021,910</u>
<u>(104,973)</u>	<u>147,319</u>	<u>375,358</u>	<u>(2,155,442)</u>	<u>22,709,086</u>	<u>209,129</u>	<u>16,879</u>
-	-	-	3,800,000	-	-	-
-	(3,345,520)	(175,880)	-	(22,636,665)	(126,180)	(22,231)
-	(3,345,520)	(175,880)	3,800,000	(22,636,665)	(126,180)	(22,231)
(104,973)	(3,198,201)	199,478	1,644,558	72,421	82,949	(5,352)
<u>4,938,093</u>	<u>28,998,101</u>	<u>1,086,719</u>	<u>2,165,469</u>	<u>6,445,237</u>	<u>1,433,275</u>	<u>773,514</u>
-	-	-	-	-	-	-
<u>\$ 4,833,120</u>	<u>\$ 25,799,900</u>	<u>\$ 1,286,197</u>	<u>\$ 3,810,027</u>	<u>\$ 6,517,658</u>	<u>\$ 1,516,224</u>	<u>\$ 768,162</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2005	2004
REVENUES						
Taxes	\$ 5,817,515	\$ 576,961	\$ -	\$ -	\$ 11,460,320	\$ 10,443,841
Local sales tax	-	-	-	-	22,590,482	22,369,484
Intergovernmental	250,000	-	1,285,292	-	5,435,226	4,344,318
Licenses and permits	-	-	-	-	4,665,686	4,110,286
Rentals	-	-	-	-	1,630,247	1,803,358
Interest earnings	241,128	-	-	3,870	1,168,616	500,776
Charges for services and sales	20	-	288,982	-	2,616,889	3,122,019
Other	1,289,157	-	-	-	1,691,230	4,571,651
Total revenues	<u>7,597,820</u>	<u>576,961</u>	<u>1,574,274</u>	<u>3,870</u>	<u>51,258,696</u>	<u>51,265,733</u>
EXPENDITURES						
Current:						
General government	53,827	591,150	1,540,085	-	7,406,957	7,307,380
Public safety	-	-	1,365,512	-	6,450,160	6,591,154
Sanitation	-	-	-	-	1,035,695	1,403,195
Health and welfare	944,789	-	-	-	2,492,926	3,576,333
Culture and recreation	-	-	-	1,320,914	4,691,079	4,792,363
Total expenditures	<u>998,616</u>	<u>591,150</u>	<u>2,905,597</u>	<u>1,320,914</u>	<u>22,076,817</u>	<u>23,670,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,599,204</u>	<u>(14,189)</u>	<u>(1,331,323)</u>	<u>(1,317,044)</u>	<u>29,181,879</u>	<u>27,595,308</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	1,285,292	1,278,960	6,558,062	3,875,231
Transfers to other funds	(3,843,503)	-	-	-	(33,920,759)	(28,965,950)
Total other financing sources (uses)	<u>(3,843,503)</u>	<u>-</u>	<u>1,285,292</u>	<u>1,278,960</u>	<u>(27,362,697)</u>	<u>(25,090,719)</u>
Net change in fund balances	2,755,701	(14,189)	(46,031)	(38,084)	1,819,182	2,504,589
Fund balances - beginning	<u>7,564,814</u>	<u>27,615</u>	<u>84,420</u>	<u>50,638</u>	<u>55,079,781</u>	<u>52,181,018</u>
Prior period adjustment	-	-	-	-	-	394,174
Fund balances - ending	<u>\$ 10,320,515</u>	<u>\$ 13,426</u>	<u>\$ 38,389</u>	<u>\$ 12,554</u>	<u>\$ 56,898,963</u>	<u>\$ 55,079,781</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
REVENUES			
Special assessments	\$ 62,228	\$ -	\$ -
Intergovernmental	-	80,794	6,526,370
Interest earnings	-	-	-
Other	70,660	-	-
Total revenues	<u>132,888</u>	<u>80,794</u>	<u>6,526,370</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,631,300	-	4,110,000
Interest and fiscal charges	61,088	16,863	275,866
Capital outlay	<u>3,255,919</u>	<u>2,508,338</u>	<u>25,766,725</u>
Total expenditures	<u>4,948,307</u>	<u>2,525,201</u>	<u>30,152,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,815,419)</u>	<u>(2,444,407)</u>	<u>(23,626,221)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term capital debt	4,820,603	-	4,140,000
Transfers from other funds	723	327,032	6,914,156
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>4,821,326</u>	<u>327,032</u>	<u>11,054,156</u>
Net change in fund balances	5,907	(2,117,375)	(12,572,065)
Fund balances (deficits) - beginning	<u>(3,104,067)</u>	<u>(465,468)</u>	<u>4,928,254</u>
Fund balances (deficits) - ending	<u><u>\$ (3,098,160)</u></u>	<u><u>\$ (2,582,843)</u></u>	<u><u>\$ (7,643,811)</u></u>

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local government taxes					
Property taxes	\$ 52,294,490	\$ 52,294,490	\$ 52,172,642	\$ (121,848)	\$ 50,551,647
Delinquent property taxes	1,600,000	1,800,000	1,827,119	27,119	1,931,447
IRBs, In-lieu-of-taxes	20,000	20,000	7,990	(12,010)	-
WHA, in-lieu-of-taxes	30,000	30,000	38,610	8,610	39,171
Special assessments	21,350	29,350	7,633	(21,717)	8,173
Motor vehicle tax	7,635,870	8,104,790	8,329,756	224,966	8,024,548
Transient guest tax	-	-	-	-	(35)
Local sales tax	21,858,600	22,928,720	22,590,513	(338,207)	22,369,484
Franchise Fees	30,104,360	30,535,130	30,701,805	166,675	29,555,657
Total local government taxes	113,564,670	115,742,480	115,676,068	(66,412)	112,480,092
Licenses and permits	2,193,390	2,292,380	1,827,977	(464,403)	1,958,895
Fines and penalties	9,274,010	8,498,900	8,666,239	167,339	7,933,219
Intergovernmental	16,764,330	17,036,390	16,939,202	(97,188)	16,468,762
Charges for services and sales	8,755,020	7,785,380	7,693,087	(92,293)	7,292,035
Rental/lease income	2,840,370	2,777,620	2,217,382	(560,238)	2,258,046
Interest earnings	3,024,420	3,301,870	3,825,399	523,529	3,291,244
Reimbursed expenditures	1,166,610	933,290	1,360,513	427,223	2,374,965
Administrative fees	3,482,110	3,857,110	5,108,160	1,251,050	3,007,107
Total Revenues	161,064,930	162,225,420	163,314,027	1,088,607	157,064,365
EXPENDITURES					
City Council:					
Personal services	470,320	463,800	463,622	178	414,438
Contractual services	101,840	106,640	105,211	1,429	104,048
Materials and supplies	20,950	20,950	14,512	6,438	18,489
Contingency	7,750	6,200	-	6,200	-
Total City Council	600,860	597,590	583,345	14,245	536,975
City Manager:					
Personal services	1,821,330	1,914,950	1,774,806	140,144	447,977
Contractual services	1,008,180	1,151,430	1,107,709	43,721	34,253
Materials and supplies	62,860	65,490	41,547	23,943	8,644
Other	15,000	15,000	10,666	4,334	-
Contingency	60,000	10,000	-	10,000	-
Total City Manager	2,967,370	3,156,870	2,934,728	222,142	490,874
Department of Finance:					
Personal services	3,132,390	3,114,760	2,718,741	396,019	2,625,093
Contractual services	623,150	611,670	587,115	24,555	555,718
Materials and supplies	33,850	31,610	27,062	4,548	21,831
Total Department of Finance	3,789,390	3,758,040	3,332,918	425,122	3,202,642

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
Law Department:					
Personal services	1,635,390	1,671,770	1,667,712	4,058	1,552,981
Contractual services	233,150	229,350	225,499	3,851	234,414
Materials and supplies	6,870	7,870	7,030	840	4,481
Total Law Department	1,875,410	1,908,990	1,900,241	8,749	1,791,876
Municipal Court:					
Personal services	3,585,770	3,728,180	3,439,786	288,394	2,980,143
Contractual services	1,799,050	1,720,850	1,455,114	265,736	1,340,324
Materials and supplies	92,110	119,630	117,005	2,625	74,655
Total Municipal Court	5,476,930	5,568,660	5,011,905	556,755	4,395,122
Fire Department:					
Personal services	26,485,670	26,937,300	26,947,739	(10,439)	26,028,489
Contractual services	1,596,620	1,570,670	1,496,543	74,127	1,507,383
Materials and supplies	518,370	679,160	681,479	(2,319)	524,342
Capital outlay	20,900	39,000	39,000	-	-
Total Fire Department	28,621,560	29,226,130	29,164,761	61,369	28,060,214
Police Department:					
Personal services	50,566,940	49,857,320	49,693,456	163,864	48,304,532
Contractual services	5,553,060	5,493,760	5,418,809	74,951	5,287,974
Materials and supplies	728,310	862,380	849,695	12,685	674,815
Capital outlay	-	-	(1,489)	1,489	6,097
Other	-	-	-	-	35,224
Total Police Department	56,848,310	56,213,460	55,960,471	252,989	54,308,642
Library:					
Personal services	4,683,470	4,725,810	4,598,866	126,944	4,481,241
Contractual services	1,080,220	1,082,710	975,247	107,463	971,939
Materials and supplies	758,720	758,510	758,104	406	750,332
Capital outlay	20,000	20,000	19,340	660	-
Total Library	6,542,410	6,587,030	6,351,557	235,473	6,203,512
Public Works:					
Personal services	4,350,980	4,206,430	4,159,205	47,225	4,198,075
Contractual services	5,135,810	5,236,880	5,089,031	147,849	4,652,609
Materials and supplies	561,770	620,480	615,742	4,738	538,748
Capital outlay	132,900	165,400	133,129	32,271	22,813
Engineering overhead	-	-	(308)	308	-
Total Public Works	10,181,460	10,229,190	9,996,799	232,391	9,412,245

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Environmental Services:					
Personal services	2,677,890	2,607,710	2,599,953	7,757	2,277,825
Contractual services	1,051,610	1,040,980	889,519	151,461	812,344
Materials and supplies	61,970	128,730	127,037	1,693	61,129
Capital outlay	47,490	4,200	3,292	908	11,397
Total Environmental Services	3,838,960	3,781,620	3,619,801	161,819	3,162,695
Park:					
Personal services	9,646,660	9,836,280	9,235,696	600,584	9,201,995
Contractual services	5,790,840	5,793,860	5,660,912	132,948	6,303,835
Materials and supplies	669,950	651,080	591,045	60,035	628,124
Capital outlay	50,900	44,580	35,935	8,645	79,982
Other	42,200	42,200	28,113	14,087	35,082
Contingency	164,160	(1,320)	-	(1,320)	-
Total Park	16,364,710	16,366,680	15,551,701	814,979	16,249,018
General Government:					
Personal services	-	-	-	-	1,633,820
Contractual services	-	-	-	-	397,777
Materials and supplies	-	-	-	-	57,471
Total General Government	-	-	-	-	2,089,068
Non Departmental:					
Personal services	1,890,320	29,400	-	29,400	224,903
Contractual services	778,930	1,100,190	957,795	142,395	1,088,314
Materials and supplies	46,000	50,670	20,614	30,056	15,493
Contingency	8,699,473	7,428,373	29,011	7,399,362	950,602
Total Non Departmental	11,414,723	8,608,633	1,007,420	7,601,213	2,279,312
Human Resources:					
Personal services	1,135,990	1,195,510	1,090,185	105,325	-
Contractual services	256,430	214,670	209,258	5,412	-
Materials and supplies	43,020	43,020	41,515	1,505	-
Total Human Resources	1,435,440	1,453,200	1,340,958	112,242	-

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
Public Works-Gas Tax:					
Personal services	9,435,290	8,605,510	8,410,398	195,112	8,070,655
Contractual services	10,612,260	10,615,680	10,335,279	280,401	10,049,649
Materials and supplies	1,997,820	2,240,580	2,020,883	219,697	1,473,141
Capital outlay	372,040	428,210	389,086	39,124	477,026
Engineering overhead	177,840	177,840	191,953	(14,113)	152,839
Total Public Works-Gas Tax	22,595,250	22,067,820	21,347,599	720,221	20,223,310
Total Expenditures	172,552,783	169,523,913	158,104,204	11,419,709	152,405,505
Excess (deficiency) of revenues over (under) expenditures	(11,487,853)	(7,298,493)	5,209,823	12,508,316	4,658,860
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	7,586,940	7,381,040	6,399,595	(981,445)	5,289,223
Transfers to other funds	(7,848,110)	(10,876,980)	(10,741,574)	135,406	(8,717,480)
Total other financing sources (uses)	(261,170)	(3,495,940)	(4,341,979)	(846,039)	(3,428,257)
Net change in fund balances	(11,749,023)	(10,794,433)	867,844	11,662,277	1,230,603
Unencumbered fund balances - beginning	20,769,068	21,999,671	21,999,671	-	20,769,068
Unencumbered fund balances - ending	\$ 9,020,045	\$ 11,205,238	\$ 22,867,515	\$ 11,662,277	\$ 21,999,671

CITY OF WICHITA, KANSAS

TOURISM AND CONVENTION PROMOTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 4,577,310	\$ 4,638,390	\$ 5,063,526	\$ 425,136	\$ 4,926,127
Interest earnings	20,750	17,270	47,207	29,937	17,100
Revised budget adjustment	-	(57,600)	-	57,600	-
Other	-	-	17,726	17,726	-
Total revenues	4,598,060	4,598,060	5,128,459	530,399	4,943,227
EXPENDITURES					
Culture and recreation:					
Contractual services	2,195,520	2,262,700	2,142,715	119,985	2,180,001
Total expenditures	2,195,520	2,262,700	2,142,715	119,985	2,180,001
Excess of revenues over expenditures	2,402,540	2,335,360	2,985,744	650,384	2,763,226
OTHER FINANCING (USES)					
Transfers to other funds	(2,422,960)	(2,355,780)	(2,355,780)	-	(2,453,680)
Total other financing (uses)	(2,422,960)	(2,355,780)	(2,355,780)	-	(2,453,680)
Net change in fund balances	(20,420)	(20,420)	629,964	650,384	309,546
Fund balance - beginning	231,139	605,765	605,765	-	296,219
Fund balance - ending	\$ 210,719	\$ 585,345	\$ 1,235,729	\$ 650,384	\$ 605,765

CITY OF WICHITA, KANSAS

DOWNTOWN TROLLEY SYSTEM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 93,440	\$ 93,440	\$ 78,520	\$ (14,920)	\$ 96,809
Rentals	35,000	50,000	200	(49,800)	(2,670)
Interest earnings	-	-	230	230	230
Revised budget adjustment	-	(15,000)	-	15,000	-
Other	-	-	-	-	3
Total revenues	128,440	128,440	78,950	(49,490)	94,372
EXPENDITURES					
Culture and recreation:					
Personal services	87,870	87,870	68,816	19,054	94,115
Contractual services	33,320	33,320	10,473	22,847	12,872
Materials and supplies	22,180	22,180	7,625	14,555	4,785
Total expenditures	143,370	143,370	86,914	56,456	111,772
Excess (deficiency) of revenues over (under) expenditures	(14,930)	(14,930)	(7,964)	6,966	(17,400)
Net change in fund balances	(14,930)	(14,930)	(7,964)	6,966	(17,400)
Fund balance - beginning	35,741	21,661	21,661	-	39,061
Fund balance - ending	\$ 20,811	\$ 6,731	\$ 13,697	\$ 6,966	\$ 21,661

CITY OF WICHITA, KANSAS

SPECIAL ALCOHOL PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental-					
private club liquor tax	\$ 1,387,200	\$ 1,406,000	\$ 1,449,967	\$ 43,967	\$ 1,389,885
Interest earnings	10,000	10,000	8,447	(1,553)	5,607
Revised budget adjustment	-	(18,800)	-	18,800	-
Other	-	-	10,795	10,795	20,291
Total revenues	1,397,200	1,397,200	1,469,209	72,009	1,415,783
EXPENDITURES					
Health and welfare:					
Contractual services	1,652,400	1,561,250	1,561,249	1	1,335,528
Other	78,420	169,570	-	169,570	-
Total expenditures	1,730,820	1,730,820	1,561,249	169,571	1,335,528
Excess (deficiency) of revenues over (under) expenditures	(333,620)	(333,620)	(92,040)	241,580	80,255
Net change in fund balances	(333,620)	(333,620)	(92,040)	241,580	80,255
Fund balance - beginning	418,676	461,081	461,081	-	380,826
Fund balance - ending	\$ 85,056	\$ 127,461	\$ 369,041	\$ 241,580	\$ 461,081

CITY OF WICHITA, KANSAS

SPECIAL PARKS AND RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental-					
private club liquor tax	\$ 1,387,200	\$ 1,406,000	\$ 1,449,967	\$ 43,967	\$ 1,389,885
Interest earnings	5,000	2,500	2,574	74	1,104
Revised budget adjustment	-	(16,300)	-	16,300	-
Total revenues	1,392,200	1,392,200	1,452,541	60,341	1,390,989
OTHER FINANCING (USES)					
Transfers to other funds	(1,415,000)	(1,415,000)	(1,415,000)	-	(1,386,980)
Total other financing (uses)	(1,415,000)	(1,415,000)	(1,415,000)	-	(1,386,980)
Excess (deficiency) of revenues over (under) other financing uses	(22,800)	(22,800)	37,541	60,341	4,009
Net change in fund balances	(22,800)	(22,800)	37,541	60,341	4,009
Fund balance - beginning	89,244	115,233	115,233	-	111,224
Fund balance - ending	\$ 66,444	\$ 92,433	\$ 152,774	\$ 60,341	\$ 115,233

CITY OF WICHITA, KANSAS

ICE RINK MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,250,000	\$ 710,000	\$ 824,434	\$ 114,434	\$ 1,135,783
Rentals	-	-	29,681	29,681	-
Interest earnings	-	-	268	268	65
Other	-	-	11,156	11,156	-
Revised budget adjustment	-	52,730	-	(52,730)	-
Total revenues	1,250,000	762,730	865,539	102,809	1,135,848
EXPENDITURES					
Culture and recreation:					
Personal services	-	96,550	105,327	(8,777)	-
Contractual services	1,250,000	1,032,940	990,938	42,002	1,178,182
Materials and supplies	-	30,390	13,070	17,320	-
Other	-	90,120	35,914	54,206	-
Total expenditures	1,250,000	1,250,000	1,145,249	104,751	1,178,182
Excess (deficiency) of revenues over (under) expenditures	-	(487,270)	(279,710)	207,560	(42,334)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	487,270	193,810	(293,460)	44,484
Total other financing (uses)	-	487,270	193,810	(293,460)	44,484
Net change in fund balances	-	-	(85,900)	(85,900)	2,150
Fund balance - beginning	-	102,150	102,150	-	100,000
Fund balance - ending	\$ -	\$ 102,150	\$ 16,250	\$ (85,900)	\$ 102,150

CITY OF WICHITA, KANSAS

LANDFILL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 422,000	\$ 429,000	\$ 387,104	\$ (41,896)	\$ 633,661
Interest earnings	111,960	72,060	95,359	23,299	44,575
Revised budget adjustment	-	32,900	-	(32,900)	-
Other	-	-	4,271	4,271	120,753
Total revenues	533,960	533,960	486,734	(47,226)	798,989
EXPENDITURES					
Sanitation:					
Personal services	54,500	56,130	45,630	10,500	7
Contractual services	823,970	790,770	476,127	314,643	356,159
Materials and supplies	11,000	11,000	5,026	5,974	4,630
Capital outlay	-	425,000	150,000	275,000	100,000
Other	2,697,000	2,303,570	-	2,303,570	-
Total expenditures	3,586,470	3,586,470	676,783	2,909,687	460,796
Excess (deficiency) of revenues over (under) expenditures	(3,052,510)	(3,052,510)	(190,049)	2,862,461	338,193
Net change in fund balances	(3,052,510)	(3,052,510)	(190,049)	2,862,461	338,193
Fund balance - beginning	3,230,423	4,914,620	4,914,620	-	4,182,253
Prior period adjustment to fund balance	-	-	-	-	394,174
Fund balance - ending	\$ 177,913	\$ 1,862,110	\$ 4,724,571	\$ 2,862,461	\$ 4,914,620

CITY OF WICHITA, KANSAS

LANDFILL POST CLOSURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Rentals	\$ 35,000	\$ 35,000	\$ 41,006	\$ 6,006	\$ 51,410
Interest earnings	860,120	421,790	550,301	128,511	254,178
Revised budget adjustment	-	438,330	-	(438,330)	-
Other	-	-	-	-	1,503
Total revenues	895,120	895,120	591,307	(303,813)	307,091
EXPENDITURES					
Sanitation:					
Personal services	152,970	161,370	168,274	(6,904)	151,023
Contractual services	776,620	711,380	284,537	426,843	316,481
Materials and supplies	28,300	28,300	114	28,186	766
Other	25,450,000	23,006,840	-	23,006,840	-
Total expenditures	26,407,890	23,907,890	452,925	23,454,965	468,270
Excess (deficiency) of revenues over (under) expenditures	(25,512,770)	(23,012,770)	138,382	23,151,152	(161,179)
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(845,520)	(3,345,520)	(3,345,520)	-	(690,180)
Total other financing sources (uses)	(845,520)	(3,345,520)	(3,345,520)	-	(690,180)
Net change in fund balances	(26,358,290)	(26,358,290)	(3,207,138)	23,151,152	(851,359)
Fund balance - beginning	27,670,556	28,922,857	28,922,857	-	29,774,216
Fund balance - ending	\$ 1,312,266	\$ 2,564,567	\$ 25,715,719	\$ 23,151,152	\$ 28,922,857

CITY OF WICHITA, KANSAS

CENTRAL INSPECTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Special assessments	\$ 7,000	\$ 7,140	\$ 2,318	\$ (4,822)	\$ 12,235
Licenses and permits	4,768,000	4,834,880	4,673,872	(161,008)	4,110,286
Charges for services and sales	897,000	909,030	768,699	(140,331)	655,219
Interest earnings	41,260	41,260	23,303	(17,957)	13,250
Revised budget adjustment	-	(79,050)	-	79,050	-
Other	-	-	-	-	13,799
Total revenues	5,713,260	5,713,260	5,468,192	(245,068)	4,804,789
EXPENDITURES					
Public safety:					
Personal services	4,280,760	3,992,560	3,972,071	20,489	4,180,018
Contractual services	994,740	1,107,960	1,098,508	9,452	1,029,280
Materials and supplies	38,670	38,670	29,773	8,897	21,212
Other	100,000	265,790	-	265,790	-
Total expenditures	5,414,170	5,404,980	5,100,352	304,628	5,230,510
Excess (deficiency) of revenues over (under) expenditures	299,090	308,280	367,840	59,560	(425,721)
OTHER FINANCING (USES)					
Transfers to other funds	(170,570)	(179,760)	(175,880)	3,880	-
Total other financing (uses)	(170,570)	(179,760)	(175,880)	3,880	-
Net change in fund balances	128,520	128,520	191,960	63,440	(425,721)
Fund balance - beginning	1,715,633	1,076,373	1,076,373	-	1,502,094
Fund balance - ending	\$ 1,844,153	\$ 1,204,893	\$ 1,268,333	\$ 63,440	\$ 1,076,373

CITY OF WICHITA, KANSAS

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Charges for services and sales	-	-	10,000	10,000	6,166
Interest earnings	25,000	15,000	33,307	18,307	9,324
Other	302,500	275,000	719,482	444,482	2,055,404
Total revenues	327,500	290,000	1,762,789	1,472,789	2,070,894
EXPENDITURES					
General government:					
Personal services	271,950	274,760	192,886	81,874	260,005
Contractual services	439,240	4,006,320	3,993,474	12,846	3,125,021
Materials and supplies	4,500	4,500	1,018	3,482	457
Other	1,025,000	1,285,000	-	1,285,000	-
Total expenditures	1,740,690	5,570,580	4,187,378	1,383,202	3,385,483
Excess (deficiency) of revenues over (under) expenditures	(1,413,190)	(5,280,580)	(2,424,589)	2,855,991	(1,314,589)
OTHER FINANCING SOURCES					
Transfers from other funds	1,300,000	4,800,000	3,800,000	(1,000,000)	1,247,240
Total other financing sources	1,300,000	4,800,000	3,800,000	(1,000,000)	1,247,240
Net change in fund balances	(113,190)	(480,580)	1,375,411	1,855,991	(67,349)
Fund balance - beginning	141,127	819,598	819,598	-	886,947
Fund balance - ending	\$ 27,937	\$ 339,018	\$ 2,195,009	\$ 1,855,991	\$ 819,598

CITY OF WICHITA, KANSAS

SALES TAX CONSTRUCTION PLEDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local sales tax	\$ 21,858,600	\$ 22,928,720	\$ 22,590,482	\$ (338,238)	\$ 22,369,484
Interest earnings	77,170	96,680	118,604	21,924	50,445
Revised budget adjustment	-	(1,089,630)	-	1,089,630	-
Total revenues	21,935,770	21,935,770	22,709,086	773,316	22,419,929
OTHER FINANCING (USES)					
Transfers to other funds	(24,507,930)	(24,507,930)	(22,636,665)	1,871,265	(20,568,330)
Total other financing (uses)	(24,507,930)	(24,507,930)	(22,636,665)	1,871,265	(20,568,330)
Excess (deficiency) of revenues over (under) other financing uses	(2,572,160)	(2,572,160)	72,421	2,644,581	1,851,599
Net change in fund balances	(2,572,160)	(2,572,160)	72,421	2,644,581	1,851,599
Fund balance - beginning	2,572,179	6,445,237	6,445,237	-	4,593,638
Fund balance - ending	\$ 19	\$ 3,873,077	\$ 6,517,658	\$ 2,644,581	\$ 6,445,237

CITY OF WICHITA, KANSAS

PROPERTY MANAGEMENT OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 312,800	\$ 317,800	\$ 244,392	\$ (73,408)	\$ 276,406
Rentals	751,580	599,680	566,416	(33,264)	801,348
Interest earnings	3,750	24,000	32,588	8,588	20,783
Revised budget adjustment	-	147,650	-	(147,650)	-
Other	31,000	10,000	103,668	93,668	294,625
Total revenues	1,099,130	1,099,130	947,064	(152,066)	1,393,162
EXPENDITURES					
General government:					
Personal services	262,800	206,470	201,324	5,146	177,659
Contractual services	880,610	831,260	522,079	309,181	702,210
Materials and supplies	19,660	19,660	7,319	12,341	7,358
Capital outlay	450,000	200,000	1,000	199,000	-
Other	-	869,100	-	869,100	-
Total expenditures	1,613,070	2,126,490	731,722	1,394,768	887,227
Excess (deficiency) of revenues over (under) expenditures	(513,940)	(1,027,360)	215,342	1,242,702	505,935
OTHER FINANCING (USES)					
Transfers to other funds	(639,600)	(126,180)	(126,180)	-	(858,020)
Total other financing (uses)	(639,600)	(126,180)	(126,180)	-	(858,020)
Net change in fund balances	(1,153,540)	(1,153,540)	89,162	1,242,702	(352,085)
Fund balance - beginning	1,254,027	1,426,012	1,426,012	-	1,778,097
Fund balance - ending	\$ 100,487	\$ 272,472	\$ 1,515,174	\$ 1,242,702	\$ 1,426,012

CITY OF WICHITA, KANSAS

STATE OFFICE BUILDING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 15,000	\$ 15,000	\$ 14,738	\$ (262)	\$ 15,068
Rentals	1,085,960	968,230	992,944	24,714	953,270
Interest earnings	10,000	7,500	11,430	3,930	6,496
Revised budget adjustment	-	120,230	-	(120,230)	-
Other	-	-	19,714	19,714	5,600
Total revenues	1,110,960	1,110,960	1,038,826	(72,134)	980,434
EXPENDITURES					
General government:					
Personal services	154,910	159,450	159,152	298	129,292
Contractual services	895,100	903,600	800,653	102,947	800,073
Materials and supplies	50,630	47,130	39,617	7,513	48,398
Other	500,000	490,460	7,369	483,091	7,522
Total expenditures	1,600,640	1,600,640	1,006,791	593,849	985,285
Excess (deficiency) of revenues over (under) expenditures	(489,680)	(489,680)	32,035	521,715	(4,851)
OTHER FINANCING (USES)					
Transfers to other funds	-	-	(22,231)	(22,231)	-
Total other financing (uses)	-	-	(22,231)	(22,231)	-
Net change in fund balances	(489,680)	(489,680)	9,804	499,484	(4,851)
Fund balance - beginning	552,545	733,514	733,514	-	738,365
Fund balance - ending	\$ 62,865	\$ 243,834	\$ 743,318	\$ 499,484	\$ 733,514

CITY OF WICHITA, KANSAS

GILBERT/ MOSLEY TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 2,670,040	\$ 2,625,000	\$ 2,558,793	\$ (66,207)	\$ 2,674,842
Intergovernmental	130,000	260,000	250,000	(10,000)	260,000
Charges for services and sales	-	-	20	20	8
Interest earnings	5,000	40,000	101,984	61,984	26,682
Revised budget adjustment	-	(869,960)	-	869,960	-
Other	200,000	950,000	1,035,463	85,463	2,200,671
Total revenues	3,005,040	3,005,040	3,946,260	941,220	5,162,203
EXPENDITURES					
Health and welfare:					
Contractual services	1,114,990	1,179,790	366,513	813,277	1,512,082
Materials and supplies	17,820	26,460	27,642	(1,182)	19,353
Other	3,100,000	100,000	-	100,000	-
Total expenditures	4,232,810	1,306,250	394,155	912,095	1,531,435
Excess (deficiency) of revenues over (under) expenditures	(1,227,770)	1,698,790	3,552,105	1,853,315	3,630,768
OTHER FINANCING (USES)					
Transfers to other funds	(1,482,380)	(1,482,380)	(1,482,380)	-	(2,128,310)
Total other financing (uses)	(1,482,380)	(1,482,380)	(1,482,380)	-	(2,128,310)
Net change in fund balances	(2,710,150)	216,410	2,069,725	1,853,315	1,502,458
Fund balance - beginning	2,989,232	2,452,680	2,452,680	-	950,222
Fund balance - ending	\$ 279,082	\$ 2,669,090	\$ 4,522,405	\$ 1,853,315	\$ 2,452,680

CITY OF WICHITA, KANSAS

NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 1,165,300	\$ 1,146,210	\$ 1,151,181	\$ 4,971	\$ 1,152,020
Interest earnings	30,000	38,000	80,963	42,963	31,506
Revised budget adjustment	-	11,090	-	(11,090)	-
Other	-	-	131,299	131,299	3,875
Total revenues	1,195,300	1,195,300	1,363,443	168,143	1,187,401
EXPENDITURES					
Health and welfare:					
Contractual services	2,204,370	1,405,780	82,520	1,323,260	767,065
Materials and supplies	3,380	7,480	5,716	1,764	1,412
Capital outlay	10,500	6,400	-	6,400	-
Other	1,400,000	2,198,590	-	2,198,590	-
Total expenditures	3,618,250	3,618,250	88,236	3,530,014	768,477
Excess (deficiency) of revenues over (under) expenditures	(2,422,950)	(2,422,950)	1,275,207	3,698,157	418,924
Net change in fund balances	(2,422,950)	(2,422,950)	1,275,207	3,698,157	418,924
Fund balance - beginning	2,578,482	2,912,336	2,912,336	-	2,493,412
Fund balance - ending	\$ 155,532	\$ 489,386	\$ 4,187,543	\$ 3,698,157	\$ 2,912,336

CITY OF WICHITA, KANSAS

EAST BANK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 494,970	\$ 494,970	\$ 510,411	\$ 15,441	\$ 446,454
Interest earnings	3,000	9,900	16,994	7,094	8,223
Revised budget adjustment	-	(6,900)	-	6,900	-
Total revenues	497,970	497,970	527,405	29,435	454,677
OTHER FINANCING (USES)					
Transfers to other funds	(1,050,400)	(1,050,400)	(1,010,400)	40,000	(492,850)
Total other financing (uses)	(1,050,400)	(1,050,400)	(1,010,400)	40,000	(492,850)
Net change in fund balances	(552,430)	(552,430)	(482,995)	69,435	(38,173)
Fund balance - beginning	600,861	545,568	545,568	-	583,741
Fund balance - ending	\$ 48,431	\$ (6,862)	\$ 62,573	\$ 69,435	\$ 545,568

CITY OF WICHITA, KANSAS

OLD TOWN TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 682,400	\$ 682,400	\$ 524,078	\$ (158,322)	\$ 430,205
Interest earnings	18,000	10,500	22,449	11,949	7,471
Revised budget adjustment	-	7,500	-	(7,500)	-
Other	-	-	-	-	975
Total revenues	700,400	700,400	546,527	(153,873)	438,651
EXPENDITURES					
General government:					
Contractual services	75,000	85,000	69,885	15,115	20,364
Materials and supplies	25,000	25,000	2,350	22,650	3,440
Other	1,350,000	1,514,450	-	1,514,450	-
Total expenditures	1,450,000	1,624,450	72,235	1,552,215	23,804
Excess (deficiency) of revenues over (under) expenditures	(749,600)	(924,050)	474,292	1,398,342	414,847
OTHER FINANCING (USES)					
Transfers to other funds	(174,450)	-	-	-	(170,600)
Total other financing (uses)	(174,450)	-	-	-	(170,600)
Net change in fund balances	(924,050)	(924,050)	474,292	1,398,342	244,247
Fund balance - beginning	942,025	750,472	750,472	-	506,225
Fund balance - ending	\$ 17,975	\$ (173,578)	\$ 1,224,764	\$ 1,398,342	\$ 750,472

CITY OF WICHITA, KANSAS

21ST & GROVE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 79,380	\$ 19,920	\$ 65,315	\$ 45,395	\$ 68,409
Interest earnings	500	200	908	708	528
Revised budget adjustment	-	59,760	-	(59,760)	-
Total revenues	79,880	79,880	66,223	(13,657)	68,937
EXPENDITURES					
General government:					
Revised budget adjustment	-	59,680	-	59,680	-
Total expenditures	-	59,680	-	59,680	-
Excess (deficiency) of revenues over (under) expenditures	-	20,200	66,223	46,023	-
OTHER FINANCING (USES)					
Transfers to other funds	(79,880)	(20,200)	(66,223)	(46,023)	(78,000)
Total other financing (uses)	(79,880)	(20,200)	(66,223)	(46,023)	(78,000)
Net change in fund balances	-	-	-	-	(9,063)
Fund balance - beginning	2	99	99	-	9,162
Fund balance - ending	\$ 2	\$ 99	\$ 99	\$ -	\$ 99

CITY OF WICHITA, KANSAS

CENTRAL AND HILLSIDE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 1,125,800	\$ 882,320	\$ 802,033	\$ (80,287)	\$ 86,582
Interest earnings	1,800	3,070	11,864	8,794	565
Revised budget adjustment	-	242,210	-	(242,210)	-
Total revenues	1,127,600	1,127,600	813,897	(313,703)	87,147
EXPENDITURES					
General government:					
Other	-	242,210	-	242,210	-
Total expenditures	-	242,210	-	242,210	-
Excess (deficiency) of revenues over (under) expenditures	1,127,600	885,390	813,897	(71,493)	87,147
OTHER FINANCING (USES)					
Transfers to other funds	(1,127,600)	(885,390)	(813,500)	71,890	(87,000)
Total other financing (uses)	(1,127,600)	(885,390)	(813,500)	71,890	(87,000)
Net change in fund balances	-	-	397	397	147
Fund balance - beginning	-	147	147	-	-
Fund balance - ending	\$ -	\$ 147	\$ 544	\$ 397	\$ 147

CITY OF WICHITA, KANSAS

OLD TOWN CINEMA TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 91,520	\$ 194,810	\$ 186,120	\$ (8,690)	\$ 51,916
Rentals	87,720	87,720	-	(87,720)	-
Interest earnings	2,400	800	5,628	4,828	336
Other	-	279,340	279,339	(1)	-
Total revenues	181,640	562,670	471,087	(91,583)	52,252
OTHER FINANCING (USES)					
Transfers to other funds	(181,640)	(562,920)	(471,000)	91,920	(52,000)
Total other financing (uses)	(181,640)	(562,920)	(471,000)	91,920	(52,000)
Net change in fund balances	-	(250)	87	337	252
Fund balance - beginning	-	252	252	-	-
Fund balance - ending	\$ -	\$ 2	\$ 339	\$ 337	\$ 252

CITY OF WICHITA, KANSAS

MAIN AND MURDOCK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ -	\$ -	\$ 19,584	\$ 19,584	\$ 2,443
Interest earnings	-	-	338	338	17
Total revenues	-	-	19,922	19,922	2,460
Net change in fund balances	-	-	19,922	19,922	2,460
Fund balance - beginning	-	2,460	2,460	-	-
Fund balance - ending	\$ -	\$ 2,460	\$ 22,382	\$ 19,922	\$ 2,460

CITY OF WICHITA, KANSAS

SELF SUPPORTING MUNICIPAL IMPROVEMENT DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 591,150	\$ 591,150	\$ 576,961	\$ (14,189)	\$ 592,608
Total revenues	591,150	591,150	576,961	(14,189)	592,608
EXPENDITURES					
General government:					
Contractual services	591,150	591,150	591,150	-	589,880
Total expenditures	591,150	591,150	591,150	-	589,880
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,189)	(14,189)	2,728
Net change in fund balances	-	-	(14,189)	(14,189)	2,728
Fund balance - beginning	7	27,615	27,615	-	24,887
Fund balance - ending	<u>\$ 7</u>	<u>\$ 27,615</u>	<u>\$ 13,426</u>	<u>\$ (14,189)</u>	<u>\$ 27,615</u>

Sewer Construction	Local Sales Tax CIP	Totals	
		2005	2004
\$ 304,804	\$ -	\$ 367,032	\$ 804,205
-	-	6,607,164	260,168
-	580,674	580,674	257,247
4,515,726	79,422	4,665,808	2,464,518
4,820,530	660,096	12,220,678	3,786,138
6,888,300	-	12,629,600	14,875,582
340,654	-	694,471	362,874
13,768,567	-	45,299,549	42,050,988
20,997,521	-	58,623,620	57,289,444
(16,176,991)	660,096	(46,402,942)	(53,503,306)
22,605,723	-	31,566,326	40,523,083
3,430	8,215,000	15,460,341	38,909,361
-	(15,291,427)	(15,291,427)	-
22,609,153	(7,076,427)	31,735,240	79,432,444
6,432,162	(6,416,331)	(14,667,702)	25,929,138
(18,864,036)	34,295,593	16,790,276	(9,138,862)
\$ (12,431,874)	\$ 27,879,262	\$ 2,122,574	\$ 16,790,276

CITY OF WICHITA, KANSAS

CITY/COUNTY FLOOD CONTROL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ 791,270	\$ 713,940	\$ 661,719	\$ (52,221)	\$ 714,274
Revised budget adjustment	-	81,200	-	(81,200)	-
Other	-	-	12,810	12,810	-
Total revenues	791,270	795,140	674,529	(120,611)	714,274
EXPENDITURES					
Public safety:					
Personal services	955,660	908,750	844,199	64,551	876,347
Contractual services	474,300	473,610	447,942	25,668	453,019
Materials and supplies	146,580	45,520	44,107	1,413	99,181
Capital outlay	6,000	81,200	-	81,200	-
Total expenditures	1,582,540	1,509,080	1,336,248	172,832	1,428,547
Excess (deficiency) of revenues over (under) expenditures	(791,270)	(713,940)	(661,719)	52,221	(714,273)
OTHER FINANCING SOURCES					
Transfers from other funds	791,270	713,940	661,719	(52,221)	714,273
	791,270	713,940	661,719	(52,221)	714,273
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

CITY/COUNTY METROPOLITAN PLANNING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 642,800	\$ 682,850	\$ 623,573	\$ (59,277)	\$ 590,274
Charges for services and sales	281,650	275,010	288,982	13,972	302,899
Other	-	-	-	-	210
Total revenues	924,450	957,860	912,555	(45,305)	893,383
EXPENDITURES					
General government:					
Personal services	1,308,500	1,377,930	1,286,579	91,351	1,243,072
Contractual services	241,160	243,180	229,949	13,231	224,059
Materials and supplies	17,590	19,600	19,600	-	16,526
Total expenditures	1,567,250	1,640,710	1,536,128	104,582	1,483,657
Excess (deficiency) of revenues over (under) expenditures	(642,800)	(682,850)	(623,573)	59,277	(590,274)
OTHER FINANCING SOURCES					
Transfers from other funds	642,800	682,850	623,573	(59,277)	590,274
Total other financing sources	642,800	682,850	623,573	(59,277)	590,274
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

ART MUSEUM BOARD FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Interest earnings	\$ 3,500	\$ 3,500	\$ 3,870	\$ 370	\$ 2,291
Total revenues	3,500	3,500	3,870	370	2,291
EXPENDITURES					
Culture and recreation:					
Personal services	1,076,850	960,760	959,214	1,546	927,934
Contractual services	245,610	360,700	360,700	-	394,474
Materials and supplies	-	1,000	1,000	-	-
Total expenditures	1,322,460	1,322,460	1,320,914	1,546	1,322,408
Excess (deficiency) of revenues over (under) expenditures	(1,318,960)	(1,318,960)	(1,317,044)	1,916	(1,320,117)
OTHER FINANCING SOURCES					
Transfers from other funds	1,278,960	1,278,960	1,278,960	-	1,278,960
Total other financing sources	1,278,960	1,278,960	1,278,960	-	1,278,960
Net change in fund balances	(40,000)	(40,000)	(38,084)	1,916	(41,157)
Fund balance - beginning	51,795	50,638	50,638	-	91,795
Fund balance - ending	\$ 11,795	\$ 10,638	\$ 12,554	\$ 1,916	\$ 50,638

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 23,898,310	\$ 23,899,420	\$ 24,285,931	\$ 386,511	\$ 23,628,277
Delinquent property taxes	958,600	954,980	867,031	(87,949)	931,906
Special assessments	20,405,760	24,733,970	24,859,867	125,897	24,250,083
Delinquent Special assessments	1,285,710	1,231,490	1,592,476	360,986	965,934
Motor vehicle tax	3,485,900	3,849,890	3,815,858	(34,032)	3,737,757
Interest earnings	1,000,000	1,000,000	817,730	(182,270)	495,875
Other	206,900	206,900	559,561	352,661	615,561
Revised budget adjustment	-	(11,862,520)	-	11,862,520	-
Total Revenues	51,241,180	44,014,130	56,798,454	12,784,324	54,625,393
EXPENDITURES					
Debt service:					
Interest on general obligation bonds	5,963,570	5,963,570	10,179,792	(4,216,222)	8,653,841
Interest on special assessment bonds	6,232,970	6,232,970	7,121,129	(888,159)	7,819,476
Interest on HUD Section 108 loan	163,510	163,510	152,069	11,441	163,508
Commission, postage and refunds	45,360	45,360	-	45,360	-
Retirement of general obligation bonds	26,894,570	30,250,210	25,471,458	4,778,752	23,190,487
Retirement of special assessment bonds	14,895,000	18,816,660	16,640,000	2,176,660	14,905,000
Retirement of HUD Section 108 loan	208,560	208,560	220,000	(11,440)	205,000
Other debt service cost	-	-	115,118	(115,118)	129,513
Total Expenditures	54,403,540	61,680,840	59,899,566	1,781,274	55,066,825
Excess (deficiency) of revenues over (under) expenditures	(3,162,360)	(17,666,710)	(3,101,112)	14,565,598	(441,432)
OTHER FINANCING SOURCES (USES)					
Premiums on bonds sold	-	-	83,118	83,118	771,070
Transfers from other funds	13,476,380	20,703,430	21,676,080	972,650	17,041,300
Transfers to other funds - retirement of temporary notes	(15,030,000)	(7,752,700)	(7,051,672)	701,028	(23,149,969)
Total other financing sources (uses)	(1,553,620)	12,950,730	14,707,526	1,756,796	(5,337,599)
Net change in unencumbered cash balances	(4,715,980)	(4,715,980)	11,606,414	16,322,394	(5,779,031)
Unencumbered fund balances - beginning	8,178,181	20,507,080	20,507,080	-	26,286,111
Unencumbered fund balances - ending	\$ 3,462,201	\$ 15,791,100	\$ 32,113,494	\$ 16,322,394	\$ 20,507,080

— ENTERPRISE FUNDS —

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor Enterprise Funds are reported:

Storm Water Utility - administers the acquisition, design, construction, maintenance and operation of the City's drainage system. The Storm Water Utility also maintains and operates the Wichita-Valley Center Flood Control Project under the guidance of the Corps of Engineers.

Golf Course System - provides the public five suitable golf facilities on a self-sustaining basis.

Wichita Transit - provides economical bus service through regular route services and special charter services.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2005
(with comparative totals for December 31, 2004)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2005	2004
ASSETS					
Current assets:					
Cash and temporary investments	\$ 3,106,917	\$ 486,147	\$ 632,725	\$ 4,225,789	\$ 3,966,978
Receivables, net	237,345	-	109,398	346,743	174,598
Due from other agencies	-	-	446,086	446,086	455,596
Inventories	21,157	-	260,809	281,966	331,340
Total current assets	<u>3,365,419</u>	<u>486,147</u>	<u>1,449,018</u>	<u>5,300,584</u>	<u>4,928,512</u>
Noncurrent assets:					
Capital assets:					
Land	3,566,586	631,534	1,906,816	6,104,936	4,852,932
Buildings	2,428,303	2,765,591	8,761,272	13,955,166	13,828,636
Improvements other than buildings	81,997,679	14,202,084	342,181	96,541,944	88,275,722
Machinery, equipment and other assets	2,889,926	1,678,445	16,346,260	20,914,631	20,893,391
Construction in progress	8,212,488	73,435	1,615,998	9,901,921	3,601,608
Less accumulated depreciation	<u>(8,959,402)</u>	<u>(7,471,460)</u>	<u>(9,569,750)</u>	<u>(26,000,612)</u>	<u>(23,369,046)</u>
Total capital assets (net of accumulated depreciation)	<u>90,135,580</u>	<u>11,879,629</u>	<u>19,402,777</u>	<u>121,417,986</u>	<u>108,083,243</u>
Total noncurrent assets	<u>90,135,580</u>	<u>11,879,629</u>	<u>19,402,777</u>	<u>121,417,986</u>	<u>108,083,243</u>
Total assets	<u>\$ 93,500,999</u>	<u>\$ 12,365,776</u>	<u>\$ 20,851,795</u>	<u>\$ 126,718,570</u>	<u>\$ 113,011,755</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	\$ 113,412	\$ 91,193	\$ 163,177	\$ 367,782	\$ 158,835
Accrued interest payable	70,165	23,871	-	94,036	48,370
Temporary notes payable	265,000	-	-	265,000	600,500
Deposits	-	499	-	499	145
Due to other funds	-	1,508,414	-	1,508,414	529,944
Current portion of long-term obligations:					
General obligation bonds payable	1,917,378	632,602	-	2,549,980	2,485,302
Bond anticipation notes	6,233,000	-	-	6,233,000	-
Compensated absences	83,809	101,783	143,904	329,496	278,260
Total current liabilities	<u>8,682,764</u>	<u>2,358,362</u>	<u>307,081</u>	<u>11,348,207</u>	<u>4,101,356</u>
Noncurrent liabilities:					
General obligation bonds payable	1,976,642	5,093,919	-	7,070,561	9,620,542
Compensated absences	11,500	10,830	14,809	37,139	39,158
Total noncurrent liabilities	<u>1,988,142</u>	<u>5,104,749</u>	<u>14,809</u>	<u>7,107,700</u>	<u>9,659,700</u>
Total liabilities	<u>10,670,906</u>	<u>7,463,111</u>	<u>321,890</u>	<u>18,455,907</u>	<u>13,761,056</u>
NET ASSETS					
Invested in capital assets, net of related debt	79,673,395	4,620,823	19,402,778	103,696,996	94,798,585
Restricted for capital projects	-	-	14,818	14,818	22,522
Unrestricted	3,156,698	281,842	1,112,309	4,550,849	4,429,592
Total net assets	<u>82,830,093</u>	<u>4,902,665</u>	<u>20,529,905</u>	<u>108,262,663</u>	<u>99,250,699</u>
Total liabilities and net assets	<u>\$ 93,500,999</u>	<u>\$ 12,365,776</u>	<u>\$ 20,851,795</u>	<u>\$ 126,718,570</u>	<u>\$ 113,011,755</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2005	2004
OPERATING REVENUES					
Charges for services and sales	\$ 5,867,809	\$ 297,467	\$ 1,719,414	\$ 7,884,690	\$ 7,413,917
Fees	-	2,656,010	-	2,656,010	2,665,644
Rentals	-	620,271	35,029	655,300	618,102
Other	-	23,846	61,858	85,704	37,611
Total operating revenues	<u>5,867,809</u>	<u>3,597,594</u>	<u>1,816,301</u>	<u>11,281,704</u>	<u>10,735,274</u>
OPERATING EXPENSES					
Personal services	1,499,393	1,488,446	5,280,922	8,268,761	8,057,853
Contractual services	773,134	1,211,719	2,304,931	4,289,784	3,749,163
Materials and supplies	172,812	554,287	1,482,387	2,209,486	1,769,223
Administrative charges	61,680	72,600	298,390	432,670	432,670
Payments in lieu of franchise fees	-	-	-	-	150,000
Depreciation	1,336,708	923,800	2,103,273	4,363,781	4,195,522
Total operating expenses	<u>3,843,727</u>	<u>4,250,852</u>	<u>11,469,903</u>	<u>19,564,482</u>	<u>18,354,431</u>
Operating income (loss)	<u>2,024,082</u>	<u>(653,258)</u>	<u>(9,653,602)</u>	<u>(8,282,778)</u>	<u>(7,619,157)</u>
NONOPERATING REVENUES (EXPENSES)					
Operating grants	-	-	4,075,220	4,075,220	3,155,956
Interest on investments	62,863	7,239	12,944	83,046	47,934
Other revenues (expenses)	(616)	-	(326,080)	(326,696)	(28,877)
Interest expense	(180,476)	(321,299)	-	(501,775)	(614,274)
Gain (loss) from sale of assets	(13,253)	-	(55,218)	(68,471)	10,714
Total nonoperating revenues (expenses)	<u>(131,482)</u>	<u>(314,060)</u>	<u>3,706,866</u>	<u>3,261,324</u>	<u>2,571,453</u>
Income (loss) before contributions and transfers	1,892,600	(967,318)	(5,946,736)	(5,021,454)	(5,047,704)
Capital contributions and operating transfers:					
Capital contributions - cash	-	-	1,793,312	1,793,312	636,733
Capital contributions - non cash	7,872,066	-	-	7,872,066	3,574,164
Transfers from other funds	1,192,000	-	3,475,080	4,667,080	4,275,430
Transfers to other funds	(160,000)	(70,200)	(68,840)	(299,040)	(694,345)
Change in net assets	10,796,666	(1,037,518)	(747,184)	9,011,964	2,744,278
Total net assets - beginning	<u>72,033,427</u>	<u>5,940,183</u>	<u>21,277,089</u>	<u>99,250,699</u>	<u>96,506,421</u>
Total net assets - ending	<u>\$ 82,830,093</u>	<u>\$ 4,902,665</u>	<u>\$ 20,529,905</u>	<u>\$ 108,262,663</u>	<u>\$ 99,250,699</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 5,773,408	\$ 3,574,102	\$ 1,676,699	\$ 11,024,209	\$ 10,856,052
Cash payments to suppliers for goods and services	(922,810)	(1,815,180)	(4,262,325)	(7,000,315)	(6,016,434)
Cash payments to employees for services	(1,480,407)	(1,465,082)	(5,274,055)	(8,219,544)	(8,042,972)
Payment in lieu of franchise fees	-	-	-	-	(150,000)
Other operating revenues (uses)	-	23,846	61,858	85,704	37,611
Net cash provided (used) by operating activities	<u>3,370,191</u>	<u>317,686</u>	<u>(7,797,823)</u>	<u>(4,109,946)</u>	<u>(3,315,743)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grant received	-	-	4,091,254	4,091,254	3,281,702
Transfers from other funds	1,192,000	-	3,475,080	4,667,080	3,783,080
Transfers to other funds	(160,000)	(70,200)	(68,840)	(299,040)	(201,995)
Net cash provided (used) by noncapital financing activities	<u>1,032,000</u>	<u>(70,200)</u>	<u>7,497,494</u>	<u>8,459,294</u>	<u>6,862,787</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of temporary notes	5,897,500	-	-	5,897,500	374,600
Additions to property, plant and equipment	(7,876,576)	(1)	(1,982,046)	(9,858,623)	(3,053,844)
Debt service - principal	(1,831,320)	-	-	(1,831,320)	(1,871,368)
Debt service - interest	(186,878)	-	-	(186,878)	(623,500)
Proceeds from sale of assets	-	-	18,950	18,950	10,937
Capital contributions	-	-	1,786,788	1,786,788	1,172,358
Net cash provided (used) by capital and related financing activities	<u>(3,997,274)</u>	<u>(1)</u>	<u>(176,308)</u>	<u>(4,173,583)</u>	<u>(3,990,817)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>62,863</u>	<u>7,239</u>	<u>12,944</u>	<u>83,046</u>	<u>47,934</u>
Net cash provided by investing activities	<u>62,863</u>	<u>7,239</u>	<u>12,944</u>	<u>83,046</u>	<u>47,934</u>
Net increase (decrease) in cash and temporary investments	467,780	254,724	(463,693)	258,811	(395,839)
Cash and temporary investments - January 1	<u>2,639,137</u>	<u>231,423</u>	<u>1,096,418</u>	<u>3,966,978</u>	<u>4,362,817</u>
Cash and temporary investments - December 31	<u>\$ 3,106,917</u>	<u>\$ 486,147</u>	<u>\$ 632,725</u>	<u>\$ 4,225,789</u>	<u>\$ 3,966,978</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2005	2004
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,024,082	\$ (653,258)	\$ (9,653,602)	\$ (8,282,778)	\$ (7,619,157)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,336,708	923,800	2,103,273	4,363,781	4,195,522
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(94,401)	-	(77,744)	(172,145)	159,212
(Increase) decrease in inventory	15,705	-	33,669	49,374	(10,203)
(Increase) decrease in fixed assets due to expenditure reclass	-	-	-	-	218,243
Increase (decrease) in accounts payable/accrued expenses	69,111	23,426	(210,286)	(117,749)	(273,418)
Increase (decrease) in deposits	-	354	-	354	(823)
Increase in compensated absences	18,986	23,364	6,867	49,217	14,881
Total adjustments	1,346,109	970,944	1,855,779	4,172,832	4,303,414
Net cash provided (used) by operating activities	<u>\$ 3,370,191</u>	<u>\$ 317,686</u>	<u>\$ (7,797,823)</u>	<u>\$ (4,109,946)</u>	<u>\$ (3,315,743)</u>
<u>Noncash, investing, capital and financing activities:</u>					
Assets contributed by benefit districts	\$ 7,820,516	\$ -	\$ -	\$ 7,820,516	\$ 3,094,947
Capital contributed for capital purposes	51,550	-	-	51,550	-

CITY OF WICHITA, KANSAS

WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 40,673,700	\$ 38,374,880	\$ 38,722,852	\$ 347,972	\$ 37,456,330
Interest earnings	600,000	500,000	725,689	225,689	387,931
Other	-	2,398,820	519,557	(1,879,263)	105,667
Total revenues	41,273,700	41,273,700	39,968,098	(1,305,602)	37,949,928
EXPENDITURES					
Personal services	7,496,240	7,566,410	7,860,583	(294,173)	7,512,545
Contractual services	6,183,080	6,948,960	6,285,477	663,483	5,678,448
Materials and supplies	4,445,350	2,839,590	2,968,915	(129,325)	2,899,970
Capital outlay	3,760,850	4,708,950	2,935,722	1,773,228	2,963,322
Administrative charges	852,640	852,640	852,640	-	851,130
Debt service	14,578,190	11,697,550	11,885,431	(187,881)	12,359,357
Bond discount/premium amortization	33,380	33,380	(138,233)	171,613	12,540
Payments in lieu of franchise fees	1,932,760	1,897,500	1,897,500	-	1,838,510
Other non-operating expenses	-	-	125	(125)	261,361
Contingency	1,000,000	850,000	-	850,000	-
Revised Budget adjustment	-	2,884,810	-	2,884,810	-
Total expenditures	40,282,490	40,279,790	34,548,160	5,731,630	34,377,183
Excess (deficiency) of revenues over (under) expenditures	991,210	993,910	5,419,938	4,426,028	3,572,745
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(2,196,700)	(2,199,400)	(2,093,415)	105,985	(1,850,603)
Total other financing sources (uses)	(2,196,700)	(2,199,400)	(2,093,415)	105,985	(1,850,603)
Net change in unencumbered cash balances	(1,205,490)	(1,205,490)	3,326,523	4,532,013	1,722,142
Unencumbered cash - beginning	47,800,413	34,280,728	34,280,728	-	47,800,413
Proceeds/expenditures in (anticipation) of bond sales	-	-	11,261,540	11,261,540	(15,241,827)
Unencumbered cash - ending	\$ 46,594,923	\$ 33,075,238	\$ 48,868,791	\$ 15,793,553	\$ 34,280,728

CITY OF WICHITA, KANSAS

SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actuals Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 28,991,470	\$ 28,364,450	\$ 29,945,673	\$ 1,581,223	\$ 28,002,364
Interest earnings	382,230	454,950	260,929	(194,021)	246,156
Other	-	554,300	155,444	(398,856)	344,491
Total revenues	29,373,700	29,373,700	30,362,046	988,346	28,593,011
EXPENDITURES					
Personal services	8,887,310	8,797,850	8,724,592	73,258	8,618,382
Contractual services	4,451,090	4,563,050	4,414,609	148,441	4,018,333
Materials and supplies	2,409,320	2,490,600	2,182,406	308,194	2,078,553
Capital outlay	1,802,870	1,518,370	982,770	535,600	534,758
Administrative charges	205,060	205,060	205,060	-	205,060
Debt service	11,088,890	9,906,230	10,206,504	(300,274)	10,404,191
Bond amortization expense	(48,180)	(38,230)	(147,210)	108,980	(48,180)
Payments in lieu of franchise fees	1,370,000	1,429,650	1,429,650	-	1,304,690
Other non-operating expenses	-	1,500	380	1,120	2,035
Contingency	100,000	100,000	-	100,000	-
Revised Budget adjustment	-	1,292,280	-	1,292,280	-
Total expenditures	30,266,360	30,266,360	27,998,761	2,267,599	27,117,822
Excess (deficiency) of revenues over (under) expenditures	(892,660)	(892,660)	2,363,285	3,255,945	1,475,189
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(1,474,830)	(1,474,830)	(1,474,830)	-	(1,175,650)
Total other financing sources (uses)	(1,474,830)	(1,474,830)	(1,474,830)	-	(1,175,650)
Net change in unencumbered cash balances	(2,367,490)	(2,367,490)	888,455	3,255,945	299,539
Unencumbered cash - beginning	14,304,230	22,584,971	22,584,971	-	33,474,612
Proceeds/expenditures in (anticipation) of bond sales	-	-	(3,787,137)	(3,787,137)	(11,189,180)
Unencumbered cash - ending	\$ 11,936,740	\$ 20,217,481	\$ 19,686,289	\$ (531,192)	\$ 22,584,971

CITY OF WICHITA, KANSAS

STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actuals Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 5,850,000	\$ 5,550,000	\$ 5,778,408	\$ 228,408	\$ 5,618,464
Interest earnings	26,300	22,020	62,863	40,843	23,942
Other	-	304,280	1,204,810	900,530	70,286
Total revenues	5,876,300	5,876,300	7,046,081	1,169,781	5,712,692
EXPENDITURES					
Personal services	1,847,400	1,721,130	1,480,407	240,723	1,481,325
Contractual services	999,490	1,005,190	774,097	231,093	757,889
Materials and supplies	217,540	217,540	224,978	(7,438)	126,257
Capital outlay	374,000	399,000	352,972	46,028	175,343
Administrative charges	61,680	61,680	61,680	-	61,680
Debt service	2,018,200	2,018,200	2,018,198	2	2,013,181
Other non-operating expenses	-	-	616	(616)	-
Contingency	430,000	50,000	-	50,000	-
Revised Budget adjustment	-	690,570	-	690,570	-
Total expenditures	5,948,310	6,163,310	4,912,948	1,250,362	4,615,675
Excess (deficiency) of revenues over (under) expenditures	(72,010)	(287,010)	2,133,133	2,420,143	1,097,017
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	308,000
Transfers to other funds	(875,000)	(660,000)	(670,341)	(10,341)	(574,291)
Total other financing sources (uses)	(875,000)	(660,000)	(670,341)	(10,341)	(266,291)
Net change in unencumbered cash balances	(947,010)	(947,010)	1,462,792	2,409,802	830,726
Unencumbered cash - beginning	2,399,725	2,814,698	2,814,698	-	2,399,725
Proceeds/expenditures in (anticipation) of bond sales	-	-	(1,550,388)	(1,550,388)	(415,753)
Unencumbered cash - ending	\$ 1,452,715	\$ 1,867,688	\$ 2,727,102	\$ 859,414	\$ 2,814,698

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— INTERNAL SERVICE FUNDS —

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology - responsible for coordination of the City's total computer automation efforts and provides a City-owned telephone system to the organization.

Fleet and Buildings - purchases, repairs, and maintains vehicles and equipment used by City departments.

Stationery Stores - provides all departments with office supplies, printing services, mail room service, photocopying and microfilming services.

Self Insurance - accounts for self insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Information Technology	Fleet and Buildings
ASSETS		
Current assets:		
Cash and temporary investments	\$ 2,836,278	\$ 4,137,055
Investments	-	-
Receivables, net	11,959	93,527
Due from other funds	-	-
Inventories	-	635,449
Prepaid items	32,191	-
Total current assets	<u>2,880,428</u>	<u>4,866,031</u>
Noncurrent assets:		
Capital assets:		
Land	-	71,340
Buildings	53,364	3,279,073
Machinery, equipment and other assets	9,363,737	30,951,664
Less accumulated depreciation	<u>(8,327,986)</u>	<u>(24,065,274)</u>
Total capital assets (net of accumulated depreciation)	<u>1,089,115</u>	<u>10,236,803</u>
Total assets	<u>\$ 3,969,543</u>	<u>\$ 15,102,834</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 124,616	\$ 280,901
Current portion of long-term obligations:		
Claims payable	-	-
Compensated absences	129,306	135,902
Total current liabilities	<u>253,922</u>	<u>416,803</u>
Noncurrent liabilities:		
Claims payable	-	-
Compensated absences	20,564	18,648
Total noncurrent liabilities	<u>20,564</u>	<u>18,648</u>
Total liabilities	<u>274,486</u>	<u>435,451</u>
NET ASSETS		
Invested in capital assets	1,089,115	10,236,803
Unrestricted - undesignated	2,605,942	4,430,580
Total net assets	<u>3,695,057</u>	<u>14,667,383</u>
Total liabilities and net assets	<u>\$ 3,969,543</u>	<u>\$ 15,102,834</u>

Stationery Stores	Self Insurance	Totals	
		2005	2004
\$ 378,186	\$ 34,877,837	\$ 42,229,356	\$ 40,870,040
-	241,206	241,206	244,091
3,756	-	109,242	107,971
-	-	-	3,500,000
-	4,616	640,065	370,950
734	-	32,925	14,271
<u>382,676</u>	<u>35,123,659</u>	<u>43,252,794</u>	<u>45,107,323</u>
-	-	71,340	71,340
-	-	3,332,437	3,332,437
105,100	349,020	40,769,521	39,413,047
<u>(83,256)</u>	<u>(142,114)</u>	<u>(32,618,630)</u>	<u>(32,636,681)</u>
<u>21,844</u>	<u>206,906</u>	<u>11,554,668</u>	<u>10,180,143</u>
<u>\$ 404,520</u>	<u>\$ 35,330,565</u>	<u>\$ 54,807,462</u>	<u>\$ 55,287,466</u>
\$ 59,355	\$ 2,554,415	\$ 3,019,287	\$ 2,225,827
-	6,422,977	6,422,977	5,686,565
-	25,792	291,000	279,550
<u>59,355</u>	<u>9,003,184</u>	<u>9,733,264</u>	<u>8,191,942</u>
-	14,288,672	14,288,672	13,398,055
-	4,103	43,315	45,046
-	14,292,775	14,331,987	13,443,101
<u>59,355</u>	<u>23,295,959</u>	<u>24,065,251</u>	<u>21,635,043</u>
21,844	206,906	11,554,668	10,180,143
<u>323,321</u>	<u>11,827,700</u>	<u>19,187,543</u>	<u>23,472,280</u>
<u>345,165</u>	<u>12,034,606</u>	<u>30,742,211</u>	<u>33,652,423</u>
<u>\$ 404,520</u>	<u>\$ 35,330,565</u>	<u>\$ 54,807,462</u>	<u>\$ 55,287,466</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Information Technology	Fleet and Buildings
OPERATING REVENUES		
Charges for services and sales	\$ 7,613,716	\$ 1,550,085
Rentals	-	8,956,245
Employer contributions	-	-
Employee contributions	-	-
Other	(1,566)	-
Total operating revenues	<u>7,612,150</u>	<u>10,506,330</u>
OPERATING EXPENSES		
Personal services	3,362,199	2,815,014
Contractual services	2,521,652	1,014,535
Materials and supplies	604,530	3,858,123
Cost of materials used	-	990,526
Administrative charges	79,330	189,560
Depreciation	236,819	2,491,767
Employee benefits	-	-
Insurance claims	-	-
Total operating expenses	<u>6,804,530</u>	<u>11,359,525</u>
Operating income (loss)	<u>807,620</u>	<u>(853,195)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	-	-
Gain (loss) on the sale of assets	(77,284)	18,505
Total nonoperating revenues (expenses)	<u>(77,284)</u>	<u>18,505</u>
Income (loss) before contributions and transfers	730,336	(834,690)
Capital contributions and operating transfers:		
Capital contributions - non cash	122,712	-
Transfers from other funds	193,190	500,000
Transfers to other funds	(504,740)	-
Change in net assets	541,498	(334,690)
Total net assets - beginning	<u>3,153,559</u>	<u>15,002,073</u>
Total net assets - ending	<u>\$ 3,695,057</u>	<u>\$ 14,667,383</u>

Stationery Stores	Self Insurance	Totals	
		2005	2004
\$ 836,698	\$ -	\$ 10,000,499	\$ 8,732,399
-	-	8,956,245	9,121,874
-	21,713,767	21,713,767	21,729,851
-	5,808,306	5,808,306	6,177,412
-	413,686	412,120	476,365
<u>836,698</u>	<u>27,935,759</u>	<u>46,890,937</u>	<u>46,237,901</u>
57,441	427,799	6,662,453	5,852,208
66,328	267,207	3,869,722	4,132,235
2,727	84,747	4,550,127	2,744,948
693,332	-	1,683,858	2,271,630
44,770	108,620	422,280	313,660
11,653	34,988	2,775,227	2,648,320
-	24,086,999	24,086,999	25,208,985
-	6,015,552	6,015,552	6,876,993
<u>876,251</u>	<u>31,025,912</u>	<u>50,066,218</u>	<u>50,048,979</u>
<u>(39,553)</u>	<u>(3,090,153)</u>	<u>(3,175,281)</u>	<u>(3,811,078)</u>
-	629,876	629,876	307,917
-	-	(58,779)	(220,237)
<u>-</u>	<u>629,876</u>	<u>571,097</u>	<u>87,680</u>
(39,553)	(2,460,277)	(2,604,184)	(3,723,398)
-	-	122,712	354,962
35,000	317,570	1,045,760	702,810
<u>-</u>	<u>(969,760)</u>	<u>(1,474,500)</u>	<u>(1,531,750)</u>
(4,553)	(3,112,467)	(2,910,212)	(4,197,376)
<u>349,718</u>	<u>15,147,073</u>	<u>33,652,423</u>	<u>37,849,799</u>
<u>\$ 345,165</u>	<u>\$ 12,034,606</u>	<u>\$ 30,742,211</u>	<u>\$ 33,652,423</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Information Technology	Fleet Buildings
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 7,610,087	\$ 10,508,793
Cash payments to suppliers for goods and services	(3,359,050)	(6,153,946)
Cash payments to employees for services	(3,346,418)	(2,824,826)
Other operating revenues	(1,566)	-
Net cash provided by (used in) operating activities	<u>903,053</u>	<u>1,530,021</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	193,190	500,000
Transfers to other funds	(504,740)	-
Net cash provided by (used in) noncapital financing activities	<u>(311,550)</u>	<u>500,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to property, plant and equipment	(297,068)	(3,914,175)
Proceeds from sale of assets	-	145,525
Net cash used in capital and related financing activities	<u>(297,068)</u>	<u>(3,768,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investment securities	-	-
Interest on investments	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and temporary investments	294,435	(1,738,629)
Cash and temporary investments - January 1	<u>2,541,843</u>	<u>5,875,684</u>
Cash and temporary investments - December 31	<u><u>\$ 2,836,278</u></u>	<u><u>\$ 4,137,055</u></u>

Stationery Stores	Self Insurance	Totals	
		2005	2004
\$ 836,593	\$ 31,022,073	\$ 49,977,546	\$ 46,646,488
(770,304)	(28,212,518)	(38,495,818)	(39,488,374)
(57,441)	(424,049)	(6,652,734)	(5,828,957)
-	413,686	412,120	369,531
8,848	2,799,192	5,241,114	1,698,688
35,000	317,570	1,045,760	702,810
-	(969,760)	(1,474,500)	(1,531,750)
35,000	(652,190)	(428,740)	(828,940)
(1)	(20,100)	(4,231,344)	(2,390,709)
-	-	145,525	128,254
(1)	(20,100)	(4,085,819)	(2,262,455)
-	2,885	2,885	2,892
-	629,876	629,876	307,917
-	632,761	632,761	310,809
43,847	2,759,663	1,359,316	(1,081,898)
334,339	32,118,174	40,870,040	41,951,938
\$ 378,186	\$ 34,877,837	\$ 42,229,356	\$ 40,870,040

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Information Technology	Fleet and Buildings
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 807,620	\$ (853,195)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	236,819	2,491,767
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,629)	2,463
(Increase) in inventory	-	(269,115)
(Increase) decrease in prepaid items	(32,191)	-
Increase (decrease) in accounts payable and accrued expenses	(121,347)	167,913
Increase in claims payable	-	-
Increase (decrease) in compensated absences	15,781	(9,812)
Total adjustments	95,433	2,383,216
Net cash provided by (used in) operating activities	\$ 903,053	\$ 1,530,021

Supplemental Schedule of Non-Cash Investing and Financing Activities

Contributed of capital assets	\$ 122,712	\$ -
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Stationery Stores	Self Insurance	Totals	
		2005	2004
<u>\$ (39,553)</u>	<u>\$ (3,090,153)</u>	<u>\$ (3,175,281)</u>	<u>\$ (3,811,078)</u>
11,653	34,988	2,775,227	2,648,320
(105)	3,500,000	3,498,729	778,118
-	-	(269,115)	128
13,537	-	(18,654)	(18,206)
23,316	723,578	793,460	255,535
-	1,627,029	1,627,029	1,822,620
-	3,750	9,719	23,251
<u>48,401</u>	<u>5,889,345</u>	<u>8,416,395</u>	<u>5,509,766</u>
<u>\$ 8,848</u>	<u>\$ 2,799,192</u>	<u>\$ 5,241,114</u>	<u>\$ 1,698,688</u>
\$ -	\$ -	\$ 122,712	\$ 354,962

CITY OF WICHITA, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Totals	
					2005	2004
OPERATING REVENUES						
Employer contributions	\$ 205,202	\$ 16,905,201	\$ 3,581,524	\$ 1,021,840	\$ 21,713,767	\$ 21,729,851
Employee contributions	310,893	5,497,413	-	-	5,808,306	6,177,412
Other	-	-	178,332	235,354	413,686	369,531
Total operating revenues	<u>516,095</u>	<u>22,402,614</u>	<u>3,759,856</u>	<u>1,257,194</u>	<u>27,935,759</u>	<u>28,276,794</u>
OPERATING EXPENSES						
Personal services	-	46,121	93,109	288,569	427,799	314,862
Contractual services	35	145,875	61,061	60,236	267,207	149,297
Materials and supplies	-	-	6,182	78,565	84,747	78,557
Administrative changes	10,820	9,230	87,910	660	108,620	108,620
Depreciation	-	-	999	33,989	34,988	34,709
Employee benefits	854,515	23,232,484	-	-	24,086,999	25,108,315
Insurance claims	-	-	2,593,360	3,422,192	6,015,552	6,326,327
Total operating expenses	<u>865,370</u>	<u>23,433,710</u>	<u>2,842,621</u>	<u>3,884,211</u>	<u>31,025,912</u>	<u>32,120,687</u>
Operating income (loss)	<u>(349,275)</u>	<u>(1,031,096)</u>	<u>917,235</u>	<u>(2,627,017)</u>	<u>(3,090,153)</u>	<u>(3,843,893)</u>
NONOPERATING REVENUES						
Interest earnings	<u>74,268</u>	<u>35,947</u>	<u>244,000</u>	<u>275,661</u>	<u>629,876</u>	<u>307,917</u>
Total nonoperating revenues	<u>74,268</u>	<u>35,947</u>	<u>244,000</u>	<u>275,661</u>	<u>629,876</u>	<u>307,917</u>
Income (loss) before operating transfers	(275,007)	(995,149)	1,161,235	(2,351,356)	(2,460,277)	(3,535,976)
Operating transfers:						
Transfers from other funds	-	-	-	2,956,340	2,956,340	313,220
Transfers to other funds	-	-	(2,638,770)	(969,760)	(3,608,530)	(969,750)
Change in net assets	(275,007)	(995,149)	(1,477,535)	(364,776)	(3,112,467)	(4,192,506)
Total net assets - beginning	<u>2,992,042</u>	<u>2,264,307</u>	<u>2,107,487</u>	<u>7,783,237</u>	<u>15,147,073</u>	<u>19,339,579</u>
Total net assets - ending	<u>\$ 2,717,035</u>	<u>\$ 1,269,158</u>	<u>\$ 629,952</u>	<u>\$ 7,418,461</u>	<u>\$ 12,034,606</u>	<u>\$ 15,147,073</u>

CITY OF WICHITA, KANSAS

**INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Fines and penalties	\$ -	\$ -	\$ 15,708	\$ 15,708	\$ -
Charges for services and sales	6,933,960	7,398,680	7,562,189	163,509	7,033,282
Other Revenue	-	(464,720)	125,423	590,143	4,466
	<u>6,933,960</u>	<u>6,933,960</u>	<u>7,703,320</u>	<u>769,360</u>	<u>7,037,748</u>
EXPENDITURES					
Personal services	3,458,110	3,438,470	3,346,418	92,052	3,002,480
Contractual services	2,712,100	2,707,620	2,424,779	282,841	2,657,950
Materials and supplies	355,140	684,110	662,799	21,311	264,606
Capital outlay	445,020	345,430	275,096	70,334	235,796
City administrative charges	79,330	79,330	79,330	-	79,330
Cost of materials used	150,000	50,000	8,219	41,781	47,542
Contingency	50,000	-	-	-	-
	<u>7,249,700</u>	<u>7,304,960</u>	<u>6,796,641</u>	<u>508,319</u>	<u>6,287,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,740)</u>	<u>(371,000)</u>	<u>906,679</u>	<u>1,277,679</u>	<u>750,044</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	193,190	193,190	193,190	-	193,190
Transfers to other funds	(560,000)	(504,740)	(504,740)	-	(562,000)
	<u>(366,810)</u>	<u>(311,550)</u>	<u>(311,550)</u>	<u>-</u>	<u>(368,810)</u>
Net change in unencumbered cash balances	(682,550)	(682,550)	595,129	1,277,679	381,234
Unencumbered cash - beginning	<u>1,492,070</u>	<u>1,492,070</u>	<u>1,492,070</u>	<u>-</u>	<u>1,110,836</u>
Unencumbered cash - ending	<u>\$ 809,520</u>	<u>\$ 809,520</u>	<u>\$ 2,087,199</u>	<u>\$ 1,277,679</u>	<u>\$ 1,492,070</u>

CITY OF WICHITA, KANSAS

**FLEET AND BUILDINGS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,550,100	\$ 1,532,000	\$ 1,604,343	\$ 72,343	\$ 1,351,647
Rental/lease income	8,645,860	8,728,860	8,689,592	(39,268)	8,841,766
Other Revenue	145,500	80,600	182,932	102,332	104,037
Total Revenues	10,341,460	10,341,460	10,476,867	135,407	10,297,450
EXPENDITURES					
Personal services	3,051,720	2,899,230	2,824,825	74,405	2,795,172
Contractual services	816,860	834,680	836,219	(1,539)	1,244,454
Materials and supplies	2,470,650	3,955,650	3,858,123	97,527	2,502,455
Capital outlay	2,950,000	2,975,000	2,967,703	7,297	2,723,343
City administrative charges	189,560	189,560	189,560	-	189,560
Other non-operating expenses	-	-	-	-	1,914
Cost of materials used	1,250,000	1,600,000	955,426	644,574	1,655,646
Contingency	2,890,000	1,164,670	-	1,164,670	-
Total Expenditures	13,618,790	13,618,790	11,631,856	1,986,934	11,112,544
Excess (deficiency) of revenues over (under) expenditures	(3,277,330)	(3,277,330)	(1,154,989)	2,122,341	(815,094)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	500,000	500,000	161,400
Total other financing sources (uses)	-	-	500,000	500,000	161,400
Net change in unencumbered cash balances	(3,277,330)	(3,277,330)	(654,989)	2,622,341	(653,694)
Unencumbered cash - beginning	3,932,314	3,932,314	3,932,314	-	4,586,008
Unencumbered cash - ending	\$ 654,984	\$ 654,984	\$ 3,277,325	\$ 2,622,341	\$ 3,932,314

CITY OF WICHITA, KANSAS

**STATIONERY STORES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 920,000	\$ 940,000	\$ 850,131	\$ (89,869)	\$ 738,478
Other Revenue	-	(20,000)	-	20,000	-
Total Revenues	<u>920,000</u>	<u>920,000</u>	<u>850,131</u>	<u>(69,869)</u>	<u>738,478</u>
EXPENDITURES					
Personal services	64,760	66,110	57,441	8,669	54,556
Contractual services	76,220	105,480	66,279	39,201	57,684
Materials and supplies	5,000	3,130	2,727	403	762
City administrative charges	44,770	44,770	44,770	-	44,770
Cost of materials used	800,000	800,000	693,332	106,668	636,796
Contingency	200,000	171,260	-	171,260	-
Total Expenditures	<u>1,190,750</u>	<u>1,190,750</u>	<u>864,549</u>	<u>326,201</u>	<u>794,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(270,750)</u>	<u>(270,750)</u>	<u>(14,418)</u>	<u>256,332</u>	<u>(56,090)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Net change in unencumbered cash balances	<u>(235,750)</u>	<u>(235,750)</u>	<u>20,582</u>	<u>256,332</u>	<u>(21,090)</u>
Unencumbered cash - beginning	<u>297,889</u>	<u>297,889</u>	<u>297,889</u>	<u>-</u>	<u>318,979</u>
Unencumbered cash - ending	<u><u>\$ 62,139</u></u>	<u><u>\$ 62,139</u></u>	<u><u>\$ 318,471</u></u>	<u><u>\$ 256,332</u></u>	<u><u>\$ 297,889</u></u>

CITY OF WICHITA, KANSAS

**SELF INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Interest earnings	\$ 925,000	\$ 475,000	\$ 629,877	\$ 154,877	\$ 307,916
Employer contributions	26,526,460	23,244,760	21,184,914	(2,059,846)	21,058,927
Employee contributions	9,429,160	6,262,830	5,808,305	(454,525)	6,177,413
Other Revenue	465,000	6,898,730	4,445,424	(2,453,306)	73,104
Total Revenues	37,345,620	36,881,320	32,068,520	(4,812,800)	27,617,360
EXPENDITURES					
Personal services	1,737,520	1,770,190	1,760,743	9,447	1,574,088
Contractual services	35,112,270	29,261,730	26,848,775	2,412,955	27,630,589
Materials and supplies	78,640	114,160	96,176	17,984	88,301
Capital outlay	10,000	6,800	-	6,800	20,100
City administrative charges	20,710	108,620	108,620	-	108,620
Other non-operating expenses	583,160	602,910	602,882	28	861,105
Contingency	500,000	6,227,890	-	6,227,890	-
Total Expenditures	38,042,300	38,092,300	29,417,196	8,675,104	30,282,803
Excess (deficiency) of revenues over (under) expenditures	(696,680)	(1,210,980)	2,651,324	3,862,304	(2,665,443)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	526,470	529,170	317,570	(211,600)	3,209,051
Transfers to other funds	(969,760)	(919,760)	(969,760)	(50,000)	(3,865,581)
Total other financing sources (uses)	(443,290)	(390,590)	(652,190)	(261,600)	(656,530)
Net change in unencumbered cash balances	(1,139,970)	(1,601,570)	1,999,134	3,600,704	(3,321,973)
Unencumbered cash - beginning	11,049,252	11,049,252	11,049,252	-	14,371,225
Unencumbered cash - ending	<u>\$ 9,909,282</u>	<u>\$ 9,447,682</u>	<u>\$ 13,048,386</u>	<u>\$ 3,600,704</u>	<u>\$ 11,049,252</u>

—— FIDUCIARY FUNDS ——

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

Pension Trust Funds - accounts for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

*Police and Fire Retirement System
Employees' Retirement
Employees' Retirement Plan 3*

Agency Funds - accounts for resources received and held by the City as agent which are to be expended as directed by the party for which the City is acting as agent.

*Payroll Liability
Special Assessment Advance Payments
Neighborhood Revitalization
IRB, Payment-in-lieu-of taxes (PILOT)*

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS December 31, 2005 (with comparative totals for December 31, 2004)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
				2005	2004
ASSETS					
Cash and temporary investments	\$ 515,667	\$ 192,795	\$ 103,634	\$ 812,096	\$ 829,502
Receivables:					
Investment sales pending	3,941,059	4,457,663	119,191	8,517,913	10,667,796
Interest and dividends	903,164	1,021,554	27,315	1,952,033	1,800,081
Other	493,688	516,750	13,043	1,023,481	-
Total receivables	5,337,911	5,995,967	159,549	11,493,427	12,467,877
Investments, at fair value:					
Government short term investment fund	6,259,679	6,663,724	276,929	13,200,332	22,506,867
Government securities: long term	4,612,019	5,216,871	143,296	9,972,186	28,785,781
Corporate debt instruments: long term	30,769,245	34,804,538	956,001	66,529,784	61,193,359
Mortgage-backed securities	24,269,861	27,452,779	754,064	52,476,704	36,557,901
Corporate stocks: domestic common	146,989,117	166,266,290	4,566,952	317,822,359	287,684,313
Corporate stocks: international common	49,855,177	56,393,531	1,549,001	107,797,709	108,526,246
Real estate	20,518,475	23,209,411	637,509	44,365,395	22,558,497
Value of interest in pooled funds: domestic fixed income	41,885,543	47,378,704	1,301,384	90,565,631	92,327,039
Value of interest in pooled funds: domestic equities	45,826,346	51,836,331	1,423,825	99,086,502	107,761,509
Value of interest in pooled funds: international equities	36,226,774	40,977,804	1,125,566	78,330,144	69,088,736
Securities lending short-term collateral investment pool	35,228,300	39,846,111	1,065,427	76,139,838	36,398,125
Total investments	442,440,536	500,046,094	13,799,954	956,286,584	873,388,373
Pension administration software	197,189	197,189	162,653	557,031	-
Total assets	448,491,303	506,432,045	14,225,790	969,149,138	886,685,752
LIABILITIES					
Accounts payable and accrued expenses	2,337,381	2,295,883	126,093	4,759,357	4,370,012
Investment purchases pending	4,180,038	4,727,969	126,420	9,034,427	11,114,949
Securities lending obligations	35,228,300	39,846,111	1,065,427	76,139,838	36,398,125
Total liabilities	41,745,719	46,869,963	1,317,940	89,933,622	51,883,086
NET ASSETS					
Held in trust for pension benefits	\$ 406,745,584	\$ 459,562,082	\$ 12,907,850	\$ 879,215,516	\$ 834,802,666

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
				2005	2004
ADDITIONS					
Contributions:					
Employer	\$ 7,308,916	\$ 2,170,650	\$ 1,281,156	\$ 10,760,722	\$ 10,229,614
Employee	3,652,348	2,358,466	1,281,156	7,291,970	6,981,248
Total contributions	10,961,264	4,529,116	2,562,312	18,052,692	17,210,862
Investment income:					
<i>From investment activities</i>					
Net appreciation in fair value					
value of investments	24,277,928	27,554,292	755,563	52,587,783	62,298,045
Interest and dividends	9,232,331	10,515,274	276,342	20,023,947	14,577,505
Commission recapture	44,996	51,371	1,341	97,708	141,762
Total investing activity income	33,555,255	38,120,937	1,033,246	72,709,438	77,017,312
Less investment expense	1,923,316	2,176,128	57,944	4,157,388	3,446,695
Net income from investing activities	31,631,939	35,944,809	975,302	68,552,050	73,570,617
<i>From securities lending activities</i>					
Securities lending income	885,410	1,001,464	26,606	1,913,480	415,907
Securities lending activities expenses:					
Borrower rebates	733,420	828,223	22,047	1,583,690	296,037
Management fees	38,602	44,004	1,158	83,764	25,760
Total securities lending activities expenses	772,022	872,227	23,205	1,667,454	321,797
Net income from securities lending activities	113,388	129,237	3,401	246,026	94,110
Total net investment income	31,745,327	36,074,046	978,703	68,798,076	73,664,727
Transfers from other funds	-	1,562,135	-	1,562,135	1,528,790
Total additions	42,706,591	42,165,297	3,541,015	88,412,903	92,404,379
DEDUCTIONS					
Pension benefits	17,428,803	20,027,640	-	37,456,443	35,642,031
DROP and Back DROP payments	977,977	2,168,410	-	3,146,387	1,514,727
Pension administration	315,068	296,883	29,512	641,463	566,245
Employee contributions refunded	313,219	251,710	628,696	1,193,625	1,071,073
Transfers to other funds	-	-	1,562,135	1,562,135	1,528,790
Total deductions	19,035,067	22,744,643	2,220,343	44,000,053	40,322,866
Change in net assets	23,671,524	19,420,654	1,320,672	44,412,850	52,081,513
Net assets - beginning	383,074,060	440,141,428	11,587,178	834,802,666	782,721,153
Net assets - ending	\$ 406,745,584	\$ 459,562,082	\$ 12,907,850	\$ 879,215,516	\$ 834,802,666

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
<u>Payroll Liability Fund</u>				
ASSETS				
Cash and temporary investments	\$ 2,379,209	\$ 95,989,580	\$ 95,919,346	\$ 2,449,443
Accounts receivable	-	50,841	-	50,841
	<u>-</u>	<u>50,841</u>	<u>-</u>	<u>50,841</u>
Total assets	<u>\$ 2,379,209</u>	<u>\$ 96,040,421</u>	<u>\$ 95,919,346</u>	<u>\$ 2,500,284</u>
LIABILITIES				
Accounts payable	\$ 2,379,209	\$ 149,276,474	\$ 149,155,399	\$ 2,500,284
	<u>2,379,209</u>	<u>149,276,474</u>	<u>149,155,399</u>	<u>2,500,284</u>
Total liabilities	<u>\$ 2,379,209</u>	<u>\$ 149,276,474</u>	<u>\$ 149,155,399</u>	<u>\$ 2,500,284</u>
 <u>Special Assessment Advance Payments Fund</u>				
ASSETS				
Cash and temporary investments	\$ 5,731,619	\$ 1,038,281	\$ 1,162,906	\$ 5,606,994
Investments	417,721	19,120	2,265	434,576
Accounts receivable	12,221	-	-	12,221
Interest receivable	3,541	9,375	9,375	3,541
	<u>3,541</u>	<u>9,375</u>	<u>9,375</u>	<u>3,541</u>
Total assets	<u>\$ 6,165,102</u>	<u>\$ 1,066,776</u>	<u>\$ 1,174,546</u>	<u>\$ 6,057,332</u>
LIABILITIES				
Accounts payable	\$ -	\$ 599	\$ 599	\$ -
Deposits	6,165,102	881,862	989,632	6,057,332
	<u>6,165,102</u>	<u>881,862</u>	<u>989,632</u>	<u>6,057,332</u>
Total liabilities	<u>\$ 6,165,102</u>	<u>\$ 882,461</u>	<u>\$ 990,231</u>	<u>\$ 6,057,332</u>
 <u>Neighborhood Revitalization Fund</u>				
ASSETS				
Cash and temporary investments	\$ 29,218	\$ 104,361	\$ 88,710	\$ 44,869
	<u>29,218</u>	<u>104,361</u>	<u>88,710</u>	<u>44,869</u>
Total assets	<u>\$ 29,218</u>	<u>\$ 104,361</u>	<u>\$ 88,710</u>	<u>\$ 44,869</u>
LIABILITIES				
Accounts payable	\$ -	\$ 88,710	\$ 88,710	\$ -
Deposits	29,218	104,361	88,710	44,869
	<u>29,218</u>	<u>104,361</u>	<u>88,710</u>	<u>44,869</u>
Total liabilities	<u>\$ 29,218</u>	<u>\$ 193,071</u>	<u>\$ 177,420</u>	<u>\$ 44,869</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
<u>IRB, PILOT Fund</u>				
ASSETS				
Cash and temporary investments	\$ -	\$ 18,307	\$ 18,307	\$ -
Accounts receivable	17,133	18,307	18,307	17,133
	<u>17,133</u>	<u>18,307</u>	<u>18,307</u>	<u>17,133</u>
Total assets	<u>\$ 17,133</u>	<u>\$ 36,614</u>	<u>\$ 36,614</u>	<u>\$ 17,133</u>
LIABILITIES				
Accounts payable	\$ -	\$ 18,307	\$ 18,307	\$ -
Deposits	17,133	18,307	18,307	17,133
	<u>17,133</u>	<u>18,307</u>	<u>18,307</u>	<u>17,133</u>
Total liabilities	<u>\$ 17,133</u>	<u>\$ 36,614</u>	<u>\$ 36,614</u>	<u>\$ 17,133</u>
 <u>Totals - All Agency Funds</u>				
ASSETS				
Cash and temporary investments	\$ 8,140,046	\$ 97,150,529	\$ 97,189,269	\$ 8,101,306
Investments	417,721	19,120	2,265	434,576
Accounts receivable	29,354	69,148	18,307	80,195
Interest receivable	3,541	9,375	9,375	3,541
	<u>8,590,662</u>	<u>97,248,172</u>	<u>97,219,216</u>	<u>8,619,618</u>
Total assets	<u>\$ 8,590,662</u>	<u>\$ 97,248,172</u>	<u>\$ 97,219,216</u>	<u>\$ 8,619,618</u>
LIABILITIES				
Accounts payable	\$ 2,379,209	\$ 149,384,090	\$ 149,263,015	\$ 2,500,284
Deposits	6,211,453	1,004,530	1,096,649	6,119,334
	<u>8,590,662</u>	<u>150,388,620</u>	<u>150,359,664</u>	<u>8,619,618</u>
Total liabilities	<u>\$ 8,590,662</u>	<u>\$ 150,388,620</u>	<u>\$ 150,359,664</u>	<u>\$ 8,619,618</u>

— COMPONENT UNIT —

The Wichita Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees.

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION For the year ended December 31, 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Project expenditures	\$ (11,680)	\$ (19,584)
Received on direct financing lease	2,760,000	1,430,000
Debt service - principal	(2,760,000)	(1,430,000)
Debt service - interest	<u>(1,203,196)</u>	<u>(1,332,194)</u>
Net cash (used in) capital and related financing activities	<u>(1,214,876)</u>	<u>(1,351,778)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on lease investment	<u>1,049,183</u>	<u>1,285,305</u>
Net cash (used in) investment activities	<u>1,049,183</u>	<u>1,285,305</u>
 Net increase in cash and temporary investments	(165,693)	(66,473)
Cash and temporary investments - January 1	<u>1,851,798</u>	<u>1,918,271</u>
 Cash and temporary investments - December 31	<u><u>\$ 1,686,105</u></u>	<u><u>\$ 1,851,798</u></u>

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— ADDITIONAL INFORMATION —

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and investments.

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE Year ended December 31, 2005

	Balance January 1, 2005	Issued	Retired	Balance December 31, 2005
General obligation bonds payable from:				
Ad valorem property taxes	\$ 75,253,087	\$ -	\$ 13,041,600	\$ 62,211,487
Special assessments	206,720,000	34,440,000	30,790,000	210,370,000
Tax increment financing	28,122,425	4,140,000	6,900,909	25,361,516
Transient guest tax	10,110,180	-	1,219,967	8,890,213
Airport Authority	3,740,000	-	590,000	3,150,000
Golf Course System	6,380,504	-	653,982	5,726,522
Local sales tax	122,180,000	-	8,680,000	113,500,000
Storm Water Utility	5,725,340	-	1,831,320	3,894,020
Revenue bonds payable from:				
Water Utility	124,032,342	74,518,580	52,791,443	145,759,479
Sewer Utility	118,470,753	44,686,420	33,270,080	129,887,093
Airport Special Facilities	74,166,153	7,350,000	3,691,173	77,824,980
Wichita Public Building Commission	32,075,000	-	2,760,000	29,315,000
	<u>\$ 806,975,784</u>	<u>\$ 165,135,000</u>	<u>\$ 156,220,474</u>	<u>\$ 815,890,310</u>

RECONCILIATION OF BONDS PAYABLE December 31, 2005

General obligation bonds	\$ 433,103,758
Revenue bonds	<u>382,786,552</u>
Total bonds payable	<u>\$ 815,890,310</u>
Serial bonds payable exclusive of bond anticipation notes	\$ 420,333,216
Bonds payable from component unit	29,315,000
Bonds payable from proprietary funds	<u>366,242,094</u>
Total bonds payable	<u>\$ 815,890,310</u>

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2005

PAYABLE FROM TAXES				PAYABLE FROM TRANSIENT GUEST TAX		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2006	10,897,920	2,180,079	13,077,999	2,173,598	709,817	2,883,415
2007	10,757,493	1,821,728	12,579,221	1,162,385	731,702	1,894,088
2008	9,757,139	1,431,818	11,188,957	915,686	751,668	1,667,354
2009	8,788,137	1,051,780	9,839,918	901,477	778,127	1,679,604
2010	6,710,580	742,556	7,453,135	889,911	796,975	1,686,886
2011	5,381,076	505,070	5,886,145	891,553	811,924	1,703,477
2012	5,390,073	308,154	5,698,227	891,264	824,991	1,716,256
2013	3,509,069	125,146	3,634,214	896,914	829,965	1,726,879
2014	1,020,000	16,830	1,036,830	167,424	8,372	175,796
	<u>\$ 62,211,487</u>	<u>\$ 8,183,161</u>	<u>\$ 70,394,647</u>	<u>\$ 8,890,213</u>	<u>\$ 6,243,541</u>	<u>\$ 15,133,755</u>

PAYABLE FROM TAX INCREMENT FINANCING				PAYABLE FROM LOCAL SALES TAX		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2006	3,697,121	1,050,077	4,747,198	8,995,000	5,143,888	14,138,888
2007	2,327,121	876,839	3,203,960	6,800,000	4,721,538	11,521,538
2008	2,505,303	784,453	3,289,756	7,090,000	4,416,688	11,506,688
2009	2,693,485	680,838	3,374,323	7,485,000	4,095,981	11,580,981
2010	2,348,636	574,765	2,923,401	7,820,000	3,766,475	11,586,475
2011	2,534,849	478,398	3,013,247	8,205,000	3,417,000	11,622,000
2012	2,724,091	374,141	3,098,232	8,555,000	3,042,913	11,597,913
2013	1,893,334	260,536	2,153,870	8,955,000	2,635,200	11,590,200
2014	932,576	177,243	1,109,819	9,335,000	2,193,825	11,528,825
2015	700,000	141,429	841,429	9,730,000	1,746,300	11,476,300
2016	735,000	116,339	851,339	10,150,000	1,272,888	11,422,888
2017	765,000	89,153	854,153	10,600,000	806,250	11,406,250
2018	795,000	59,985	854,985	6,710,000	392,388	7,102,388
2019	350,000	28,760	378,760	3,070,000	69,075	3,139,075
2020	360,000	14,760	374,760	-	-	-
	<u>\$ 25,361,516</u>	<u>\$ 5,707,716</u>	<u>\$ 31,069,232</u>	<u>\$ 113,500,000</u>	<u>\$ 37,720,409</u>	<u>\$ 151,220,409</u>

TOTAL PAYABLE FROM PROPERTY TAXES				PAYABLE FROM SPECIAL ASSESSMENTS		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2006	25,763,639	9,083,861	34,847,501	23,460,000	8,091,878	31,551,878
2007	21,046,999	8,151,808	29,198,807	22,005,000	6,926,997	28,931,997
2008	20,268,128	7,384,627	27,652,755	18,130,000	6,781,072	24,911,072
2009	19,868,100	6,606,726	26,474,826	17,780,000	6,101,250	23,881,250
2010	17,769,127	5,880,771	23,649,898	18,100,000	5,407,340	23,507,340
2011	17,012,478	5,212,391	22,224,869	17,375,000	4,688,953	22,063,953
2012	17,560,427	4,550,200	22,110,627	16,580,000	3,978,430	20,558,430
2013	15,254,317	3,850,846	19,105,163	15,750,000	3,278,293	19,028,293
2014	11,455,000	2,396,271	13,851,270	14,380,000	2,589,825	16,969,825
2015	10,430,000	1,887,729	12,317,729	12,915,000	1,967,400	14,882,400
2016	10,885,000	1,389,228	12,274,228	9,400,000	1,398,538	10,798,538
2017	11,365,000	895,403	12,260,403	8,380,000	1,009,570	9,389,570
2018	7,505,000	452,373	7,957,373	7,340,000	662,829	8,002,829
2019	3,420,000	97,835	3,517,835	5,090,000	358,081	5,448,081
2020	360,000	-	360,000	2,995,000	151,750	3,146,750
2021	-	-	-	135,000	29,903	164,903
2022	-	-	-	140,000	24,078	164,078
2023	-	-	-	145,000	17,970	162,970
2024	-	-	-	150,000	11,650	161,650
2025	-	-	-	120,000	5,100	125,100
	<u>\$ 209,963,216</u>	<u>\$ 57,840,069</u>	<u>\$ 267,803,285</u>	<u>\$ 210,370,000</u>	<u>\$ 53,480,907</u>	<u>\$ 263,850,907</u>

CITY OF WICHITA, KANSAS

UNAUDITED

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
 PAYABLE FROM PROPRIETARY FUND REVENUES
 BASED ON BONDED DEBT AS OF DECEMBER 31, 2005

PROPRIETARY FUNDS						
Year	Airport Authority		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 625,000	\$ 163,900	\$ 632,602	\$ 286,254	\$ 1,917,377	\$ 107,352
2007	605,000	129,149	464,026	254,256	282,377	62,688
2008	640,000	94,933	479,947	232,213	282,377	55,275
2009	675,000	58,306	504,947	208,958	282,377	46,804
2010	525,000	19,563	525,000	184,243	282,378	37,274
2011	80,000	4,240	555,000	158,255	282,378	27,179
2012	-	-	590,000	130,228	282,378	16,660
2013	-	-	620,000	99,990	282,378	5,648
2014	-	-	660,000	67,750	-	-
2015	-	-	695,000	34,750	-	-
	<u>\$ 3,150,000</u>	<u>\$ 470,091</u>	<u>\$ 5,726,522</u>	<u>\$ 1,656,897</u>	<u>\$ 3,894,020</u>	<u>\$ 358,880</u>
Totals						
Year	Principal	Interest	Debt Service Charges			
2006	\$ 3,174,979	\$ 557,506	\$ 3,732,485			
2007	1,351,403	446,093	1,797,496			
2008	1,402,324	382,421	1,784,745			
2009	1,462,324	314,068	1,776,393			
2010	1,332,378	241,080	1,573,459			
2011	917,378	189,674	1,107,053			
2012	872,378	146,888	1,019,267			
2013	902,378	105,638	1,008,017			
2014	660,000	67,750	727,750			
2015	695,000	34,750	729,750			
	<u>\$ 12,770,542</u>	<u>\$ 2,485,868</u>	<u>\$ 15,256,414</u>			

CITY OF WICHITA, KANSAS

SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES BASED ON BONDED DEBT AS OF DECEMBER 31, 2005

PROPRIETARY FUNDS

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	7,146,145	6,800,492	5,357,549	6,163,698	1,268,218	4,886,841
2007	7,471,446	6,513,180	5,594,998	5,966,072	1,359,317	4,798,332
2008	7,339,823	6,232,672	5,484,975	5,752,167	300,000	4,723,166
2009	7,961,008	5,949,153	5,847,778	5,534,294	11,747,445	4,703,686
2010	7,930,901	5,599,969	5,587,538	5,288,024	450,000	3,772,450
2011	8,323,555	5,220,367	6,380,230	5,018,561	480,000	3,743,434
2012	8,699,444	4,821,987	7,180,416	4,709,969	505,000	3,712,294
2013	7,931,571	4,419,236	6,605,128	4,375,172	470,000	3,678,567
2014	8,350,325	4,037,407	6,924,010	4,057,014	435,000	3,648,957
2015	8,824,338	3,624,497	7,328,471	3,713,975	-	3,619,594
2016	9,361,326	3,181,442	7,780,834	3,340,042	-	3,619,594
2017	6,843,994	2,711,416	5,788,434	2,943,074	-	3,619,594
2018	7,260,454	2,389,667	6,133,205	2,653,330	-	3,619,594
2019	4,719,587	2,048,752	5,321,310	2,346,507	-	3,619,594
2020	4,947,315	1,817,496	5,576,876	2,082,470	-	3,619,594
2021	5,194,303	1,575,087	5,869,285	1,805,756	1,300,000	3,541,865
2022	4,881,462	1,327,110	6,163,538	1,514,527	-	3,522,094
2023	5,135,365	1,087,053	6,459,635	1,208,697	-	3,522,094
2024	3,314,267	834,498	3,430,733	888,177	-	3,522,094
2025	3,600,795	668,785	3,779,205	716,640	7,350,000	3,305,344
2026	2,691,834	492,620	3,248,166	533,655	-	3,139,594
2027	2,731,020	367,821	3,278,980	380,679	-	3,139,594
2028	2,861,517	241,327	3,458,483	226,336	-	3,139,594
2029	1,092,015	107,521	637,985	62,817	-	3,139,594
2030	1,145,669	51,555	669,331	30,120	-	3,139,594
2031	-	-	-	-	2,860,000	3,129,870
2032	-	-	-	-	49,300,000	1,540,625
	<u>\$ 145,759,479</u>	<u>\$ 72,121,110</u>	<u>\$ 129,887,093</u>	<u>\$ 71,311,773</u>	<u>\$ 77,824,980</u>	<u>\$ 97,167,247</u>

COMPONENT UNIT				
Wichita Public Building Commission		Totals		
Principal	Interest	Principal	Interest	Debt Service Charges
2,760,000	1,116,466	16,531,912	18,967,497	35,499,409
2,325,000	1,025,824	16,750,761	18,303,409	35,054,171
2,425,000	949,209	15,549,798	17,657,214	33,207,012
2,505,000	865,586	28,061,231	17,052,718	45,113,949
2,595,000	773,228	16,563,439	15,433,672	31,997,111
2,695,000	677,553	17,878,785	14,659,915	32,538,700
2,790,000	581,495	19,174,860	13,825,746	33,000,605
2,890,000	473,695	17,896,699	12,946,671	30,843,370
3,010,000	354,263	18,719,335	12,097,641	30,816,977
1,480,000	220,960	17,632,809	11,179,026	28,811,835
1,555,000	146,315	18,697,160	10,287,393	28,984,553
1,630,000	69,196	14,262,428	9,343,280	23,605,708
100,000	28,420	13,493,659	8,691,011	22,184,670
100,000	24,420	10,140,897	8,039,273	18,180,170
105,000	20,020	10,629,191	7,539,580	18,168,771
110,000	15,400	12,473,588	6,938,108	19,411,696
115,000	10,560	11,160,000	6,374,291	17,534,291
125,000	5,500	11,720,000	5,823,344	17,543,344
-	-	6,745,000	5,244,769	11,989,769
-	-	14,730,000	4,690,769	19,420,769
-	-	5,940,000	4,165,869	10,105,869
-	-	6,010,000	3,888,094	9,898,094
-	-	6,320,000	3,607,258	9,927,258
-	-	1,730,000	3,309,932	5,039,932
-	-	1,815,000	3,221,269	5,036,269
-	-	2,860,000	3,129,870	5,989,870
-	-	49,300,000	1,540,625	50,840,625
<u>\$ 29,315,000</u>	<u>\$ 7,358,110</u>	<u>\$ 382,786,552</u>	<u>\$ 247,958,244</u>	<u>\$ 630,744,797</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2005

Company	Policy Period		Details of Coverage
	From	To	
Allianz	01-05	01-06	Property Insurance - All risk coverage on real and personal property of the City and property of others for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.
Allianz	01-05	01-06	Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage for repair or replacement cost basis.
Allianz	01-05	01-06	Data processing property protection
Hartford Fire	01-05	01-06	Burglary and/or theft coverage for monies and securities
Hartford Fire	01-05	01-06	Blanket position bond - coverage per dishonest acts of employees
Housing Authority Insurance Group	06-05	06-06	WHA general liability
Housing Authority Insurance Group	06-05	06-06	WHA fire insurance on owned units
Philadelphia Indemnity Insurance	12-05	12-06	WHA flood insurance on owned units
Safety National Casualty Corp.	01-05	01-06	Excess workers' compensation coverage - all City employees
Zurich	01-05	01-06	Travel accident insurance
AIG Aviation	01-05	01-06	Helicopter liability coverage - property damage and bodily damage
AIG Aviation	01-05	01-06	Helicopter hull coverage

Terms	Deductible	Liability Limits
Per occurrence	\$ 100,000	\$ 100,000,000
Per occurrence	10,000	75,000,000
Hardware	100,000	10,000,000
Per occurrence	10,000	500,000
Per loss/per employee	5,000	1,000,000
Per occurrence	10,000	5,000,000
Per occurrence	5,000	\$38,760,349 combined limit based on individual property value
Per occurrence	5,000	48,000 per unit
Per occurrence - liability imposed by law	750,000	Statutory
Per person / occurrence	0	100,000
Per occurrence		500,000
Per occurrence	0	500,000
Per occurrence	120,000	1,200,000

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE (CONTINUED)

December 31, 2005

Company	Policy Period		Details of Coverage
	From	To	
<u>WICHITA AIRPORT AUTHORITY</u>			
ACE USA (Primary)	07-05	01-06	Comprehensive general liability
ACE USA (Excess)	07-05	01-06	
Great American Alliance Insurance Company	04-05	01-06	Underground storage tank liability
US Fidelity & Guarranty	04-05	01-06	General Liability - skycap services
<u>WICHITA ART MUSEUM</u>			
American Insurance Corp. 50% AXA Art Insurance Corp. 50%	01-05	01-06	All risk coverage for fine arts collections, on premises, worldwide transit coverage and other locations
<u>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</u>			
St. Paul	01-05	01-06	Property - buildings and earnings State Office Building and parking facility
Western Heritage	01-05	01-06	Comprehensive general liability

Terms	Deductible	Liability Limits
Per occurrence	\$ 1,000	\$ 50,000,000
Per occurrence	1,000	50,000,000
Per occurrence	10,000	1,000,000
Per occurrence	0	300,000
Per occurrence Permanent Collection and Loan Collection	1,000	70,000,000 @ insured's premises; \$20,000,000 @ any other locatoin; \$20,000,000 in transit; \$70,000,000 any one loss / disaster
Per occurrence as scheduled	5,000	28,325,000
Per occurrence	1,000	2,000,000

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—— STATISTICAL SECTION ——

The Statistical Section includes schedules showing ten-year financial trends as extracted from current and prior years' financial reports and other supplemental information relevant to the City. The statistical schedules reflect social and economic data, financial trends and the fiscal capacity of the City.

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CITY OF WICHITA, KANSAS

GENERAL GOVERNMENT REVENUES BY SOURCE ¹ 1996 TO 2005 INCLUSIVE

Year	Taxes	Special Assessments	Franchise Fees	Local Sales Tax	Intergovernmental	Licenses and Permits
1996	\$ 59,962,122	\$ 28,529,206	\$ 26,138,340	\$ 33,492,240	\$ 58,069,696	\$ 3,451,183
1997	63,692,486	26,894,346	26,455,348	35,359,410	59,292,126	4,484,107
1998	66,415,469	24,778,035	27,208,461	39,129,814	58,699,654	4,657,614
1999	68,046,858	23,915,289	27,636,037	38,237,574	75,954,075	4,714,786
2000	75,663,130	25,876,797	29,088,392	37,778,881	73,681,578	5,272,042
2001	81,585,715	26,294,749	31,521,170	40,187,186	71,329,574	6,382,478
2002	86,915,250	27,557,210	28,792,310	40,952,104	66,352,482	6,331,427
2003	90,843,658	25,875,386	29,259,353	39,735,404	90,491,983	5,614,375
2004	99,288,559	26,371,062	29,555,657	44,738,968	96,078,213	6,069,181
2005	102,805,256	27,099,006	30,701,805	45,180,964	87,952,788	6,493,663

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1996-2001.

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ¹ 1996 TO 2005

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare
1996	\$ 21,660,305	\$ 66,256,654	\$ 15,528,097	\$ 2,528,351	\$ 29,722,211
1997	21,952,110	68,125,546	14,784,097	4,261,661	32,923,765
1998	23,021,931	71,029,077	16,706,548	4,618,925	29,287,476
1999	24,452,917	72,930,754	15,960,318	5,407,763	31,573,314
2000	23,979,859	76,700,135	17,368,273	4,649,402	37,618,452
2001	25,496,253	78,639,160	17,685,470	6,814,361	38,740,569
2002	29,643,689	84,887,467	18,658,540	4,466,424	36,821,609
2003	25,342,630	86,742,013	17,726,020	3,590,546	38,100,143
2004	29,835,598	91,575,588	18,795,807	3,592,423	34,741,362
2005	30,524,315	94,352,308	21,569,169	3,081,626	32,900,276

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1996-2001.

Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenues	Total
\$ 5,695,209	\$ 3,008,191	\$ 6,700,032	\$ 12,015,048	\$ 9,113,406	\$ 246,174,673
6,515,083	2,815,832	7,101,566	18,936,042	12,028,020	263,574,366
8,998,905	3,245,227	7,881,271	21,238,172	22,486,769	284,739,391
9,181,475	3,949,500	8,489,135	18,722,159	17,038,890	295,885,778
7,399,707	4,147,772	10,211,981	19,775,297	13,470,521	302,366,098
6,851,819	4,331,335	10,441,337	18,443,762	16,592,383	313,961,508
8,139,288	4,601,521	7,827,183	9,950,483	12,925,040	300,344,298
8,453,523	4,175,241	5,053,383	9,841,535	15,340,542	324,684,383
7,933,219	4,061,404	5,395,775	10,414,054	18,053,333	347,959,425
8,666,239	3,847,629	7,698,830	10,309,977	18,036,451	348,792,608

Culture and Recreation	Debt Service	Capital Outlay	Total
\$ 21,535,199	\$ 58,782,974	\$ 78,466,561	\$ 294,480,352
22,821,354	74,909,826	71,485,686	311,264,045
23,796,658	71,406,993	73,175,976	313,043,584
23,723,105	65,056,260	94,253,708	333,358,139
24,386,160	62,857,860	78,919,861	326,480,002
25,098,424	68,993,318	115,791,635	377,259,190
27,270,944	108,846,914	123,827,952	434,423,539
25,986,538	70,888,409	171,333,093	439,709,392
27,883,116	80,085,838	146,567,881	433,077,613
29,256,140	86,008,515	126,314,173	424,006,522

CITY OF WICHITA, KANSAS

TAX LEVIES AND COLLECTIONS GENERAL AND DEBT SERVICE FUNDS

1996 to 2005 INCLUSIVE
(Includes Tangible Property Taxes Only)

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1996	\$ 48,606,040	\$ 45,891,724	94.42%	\$ 1,071,021	\$ 46,962,745	96.62
1997	50,127,520	48,453,454	96.66	1,059,780	49,513,234	98.77
1998	52,357,401	50,552,832	96.55	892,780	51,445,612	98.26
1999	54,978,750	52,894,709	96.21	1,118,586	54,013,295	98.24
2000	59,640,740	56,956,649	95.50	1,050,126	58,006,775	97.26
2001	65,180,140	61,319,251	94.08	1,138,608	62,457,859	95.82
2002	68,935,070	65,482,585	94.99	1,509,304	66,991,889	97.18
2003	72,658,900	68,607,004	94.42	1,579,345	70,186,349	96.60
2004	74,459,530	74,179,924	99.62	2,863,353	77,043,277	103.47
2005	76,167,800	76,454,117	100.38	2,694,150	79,148,267	103.91

TAX LEVIES AND COLLECTIONS TAX INCREMENT FINANCE DISTRICTS

1996 to 2005 INCLUSIVE
(Includes Tangible Property Taxes Only)

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1996	\$ 472,000	\$ 419,174	88.81%	\$ 10,118	\$ 429,292	90.95
1997	925,770	883,832	95.47	16,777	900,609	97.28
1998	800,000	750,460	93.81	21,604	772,064	96.51
1999	1,895,880	1,376,153	72.59	21,726	1,397,879	73.73
2000	2,655,850	2,148,679	80.90	33,870	2,182,549	82.18
2001	4,422,170	3,823,155	86.45	52,416	3,875,571	87.64
2002	4,467,370	3,851,044	86.20	94,646	3,945,690	88.32
2003	4,137,950	4,280,190	103.44	140,673	4,420,863	106.84
2004	6,032,810	4,524,408	75.00	241,486	4,765,894	79.00
2005	6,162,500	5,360,809	86.99	302,547	5,663,356	91.90

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

1996 to 2005 INCLUSIVE

Year ¹	Assessments Certified to County	Current Assessment Collections ²	Percentage Current Assessments Collected	Prior Years Assessments Collected	Total Assessment Collections	Ratio of Total Collections to Current Assessment
1996	\$ 25,662,300	\$ 24,371,950	94.97%	\$ 900,252	\$ 25,272,202	99.07
1997	25,263,304	24,094,281	95.37	900,990	24,995,271	98.94
1998	22,134,813	21,152,108	95.56	822,551	21,974,659	99.28
1999	21,625,243	20,758,882	95.99	989,461	21,748,343	100.57
2000	22,964,692	21,960,411	95.63	758,196	22,718,607	98.93
2001	24,537,934	23,275,284	94.85	751,457	24,026,741	97.92
2002	24,206,238	22,925,598	94.71	1,244,564	24,170,162	99.85
2003	23,787,996	22,607,207	95.04	1,083,634	23,690,841	99.59
2004	24,659,183	23,334,678	94.63	481,434	23,816,112	96.58
2005	25,034,380	23,869,229	95.35	1,257,976	25,127,205	100.37

¹ The year shown is the year in which collections were received. The levy or assessment is certified to the county the previous year.

² Special assessments to proprietary funds and any advance payments not included.

CITY OF WICHITA, KANSAS

ASSESSED VALUE AND ESTIMATED TRUE VALUE OF ALL TAXABLE TANGIBLE PROPERTY 1996 TO 2005 INCLUSIVE

Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$ 1,260,063,412	\$ 8,689,848,424	\$ 226,437,965	\$ 914,773,380
1997	1,322,922,200	9,116,262,709	233,093,559	943,477,660
1998	1,398,595,181	9,660,784,011	240,784,909	987,508,010
1999	1,521,203,304	10,572,931,388	258,933,472	1,067,548,300
2000	1,666,014,499	11,620,282,660	291,867,085	1,214,677,550
2001	1,787,594,359	12,475,184,748	273,783,041	1,153,727,190
2002	1,888,529,721	13,132,042,982	277,106,015	1,154,746,660
2003	2,064,518,376	14,310,944,391	276,057,054	1,147,883,620
2004	2,147,334,072	14,958,321,316	275,515,975	1,142,835,620
2005	2,265,832,224	15,804,144,955	276,668,867	1,136,937,960

Year	Property Assessed by State		Totals	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$ 117,722,543	\$ 356,734,979	\$ 1,604,223,920	\$ 9,961,356,783
1997	120,750,610	365,910,939	1,676,766,369	10,425,651,308
1998	119,767,969	362,933,239	1,759,148,059	11,011,225,260
1999	118,859,506	360,180,322	1,898,996,282	12,000,660,010
2000	120,686,046	365,715,291	2,078,567,630	13,200,675,501
2001	128,885,519	390,562,179	2,190,262,919	14,019,474,117
2002	116,025,979	351,593,877	2,281,661,715	14,638,383,519
2003	118,371,640	358,701,939	2,458,947,070	15,817,529,950
2004	123,092,095	373,006,348	2,545,942,142	16,474,163,284
2005	125,534,585	380,407,833	2,668,035,676 ¹	17,321,490,748

¹ The total assessed valuation for 2003 times the tax rate for 2004 produces revenue for 2005 operations
Source: Sedgwick County Clerk and Sedgwick County Appraiser.

TAX RATES (PER \$1,000 ASSESSED VALUATION) 1996 TO 2005 INCLUSIVE

Year ²	General	Debt and Interest	Total	State	Sedgwick County	Board of Education USD 259	Wichita State University	Totals
1996	21.261	9.986	31.247	1.500	26.561	51.874	1.500	112.682
1997	21.232	9.993	31.225	1.500	28.717	44.383	1.479	107.304
1998	21.251	10.002	31.253	1.500	28.138	37.636	1.500	100.027
1999	21.355	10.051	31.406	1.500	27.199	37.526	1.500	99.131
2000	21.323	10.036	31.359	1.500	27.057	46.163	1.543	107.622
2001	21.437	10.037	31.474	1.500	27.154	54.926	1.500	116.554
2002	21.727	10.118	31.845	1.500	27.276	51.839	1.500	113.960
2003	21.886	10.019	31.905	1.500	27.317	51.408	1.500	113.630
2004	21.852	9.976	31.828	1.500	27.268	51.296	1.495	113.387
2005	21.876	10.022	31.898	1.500	27.258	51.300	1.500	113.456

² Represents year taxes were levied to provide support for ensuing budget year.

CITY OF WICHITA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES 1996 to 2005 INCLUSIVE

Fiscal Year	Principal	Interest	Total Debt Service ¹	Total General Government Expenditures ²	Ratio of Debt Service to General Government Expenditures
1996	\$ 40,824,242	\$ 12,562,333	\$ 53,386,575	\$ 294,480,352	18.13
1997	45,123,160	14,084,625	59,207,785	311,264,045	19.02
1998	30,964,711	12,624,084	43,588,795	313,043,584	13.92
1999	32,731,124	13,191,494	45,922,618	333,358,139	13.78
2000	35,299,048	14,103,933	49,402,981	326,480,002	15.13
2001	45,819,066	14,118,702	59,937,768	377,259,190	15.89
2002	37,999,607	13,925,542	51,925,149	434,423,539	11.95
2003	40,241,278	14,481,523	54,722,801	439,709,392	12.45
2004	38,570,487	16,473,317	55,043,804	433,077,613	12.71
2005	42,111,458	17,300,921	59,412,379	424,006,522	14.01

¹ Excludes debt service related to Section 108 loan.

² Includes expenditures of all governmental fund types.

CITY OF WICHITA, KANSAS

SCHEDULE OF LEGAL DEBT Year ended December 31, 2005

Equalized assessed valuation of taxable tangible property	\$ 2,668,035,676
Estimated tangible valuation of motor vehicles	<u>369,682,252</u>
Equalized tangible valuation for computation of bonded indebtedness limitations	<u>\$ 3,037,717,928</u>
Debt limit (30.0% of equalized tangible valuation)	<u>\$ 911,315,378</u>
Total bonded indebtedness	815,890,310
Temporary notes (1)	<u>66,180,000</u>
Total debt	882,070,310
Less: Assets in Debt service fund available for payment for principal	\$ 57,287,100
Water Utility revenue bonds	145,759,479
Sewer Utility revenue bonds	129,887,093
Airport facilities revenue bonds	77,824,980
Public Building Commission revenue bonds	29,315,000
Other deductions allowed by law (2)	
Airport (3)	3,150,000
Sewer improvements (3)	77,618,618
Park improvements (4)	20,675,388
Local Sales Tax (5)	<u>113,500,000</u>
Total deductions	<u>655,017,658</u>
Legal debt applicable to debt limit	<u>227,052,652</u>
Legal debt margin	<u>\$ 684,262,726</u>

(1) G.O. series 214 dated 08/04/05, due 02/09/06	<u>\$ 66,180,000</u>
Total temporary notes	<u>\$ 66,180,000</u>
Amount reclassified as bond anticipation notes	\$ 24,862,410
Remaining temporary notes	<u>41,317,590</u>
Total temporary notes	<u>\$ 66,180,000</u>

(2) Kansas Statutes Annotated 79-5037

(3) Bonds and notes issued for any improvement to airport and sewer system including those payable from special assessments.

(4) Exempted from debt limitation as of July 1, 1975

(5) Kansas Statutes Annotated 12-195b

CITY OF WICHITA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA 1996 to 2005 INCLUSIVE

Fiscal Year	Population	Assessed Value	Gross Bonded Debt ¹	Debt Service Monies Available	Debt Payable From Local Sales Tax
1996	324,991	\$ 1,932,627,650	\$ 298,825,000	\$ 6,449,650	\$ 55,000,000
1997	328,576	2,015,713,886	279,215,000	2,525,891	47,500,000
1998	333,680	2,079,605,936	293,130,366	10,598,695	40,000,000
1999	335,562	2,213,539,119	305,885,369	15,490,109	32,500,000
2000	344,284	2,384,870,895	314,685,359	25,036,511	25,000,000
2001	352,160	2,514,971,481	279,827,300	6,393,033	17,500,000
2002	354,306	2,624,261,870	327,648,632	20,079,218	56,000,000
2003	354,490	2,811,767,428	380,223,390	26,286,111	92,690,000
2004	353,823	2,981,651,803	458,231,536	20,507,080	122,180,000
2005	353,115	3,037,717,928	433,103,758	32,113,494	113,500,000

¹ Includes all long-term general obligation debt.

Debt Payable From Transient Guest Tax	Debt Payable From Proprietary And Component Unit Revenues	Debt Payable From Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
\$ 7,040,000	\$ 37,599,496	\$ 131,445,100	\$ 61,290,754	3.17	188.59
8,650,000	31,522,790	132,085,952	56,930,367	2.82	173.26
17,407,988	25,267,501	140,993,973	58,862,209	2.83	176.40
17,509,400	19,098,427	149,115,000	72,172,433	3.26	215.08
16,203,204	25,062,472	158,375,000	65,008,172	2.73	188.82
14,397,547	21,278,480	149,255,000	71,003,240	2.82	205.52
12,519,875	18,689,488	148,540,000	71,820,051	2.74	202.71
10,552,208	18,822,156	160,865,000	71,007,915	2.53	200.31
10,110,180	15,845,844	206,720,000	82,868,432	2.78	234.21
8,890,213	12,770,542	210,370,000	55,459,509	1.83	157.06

CITY OF WICHITA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT AS OF DECEMBER 31, 2003, 2004 AND 2005

	December 31, 2003	
	Percentage of debt applicable to City	City of Wichita share of debt
Direct Debt:		
General obligation bonded debt		
Payable from ad valorem taxes		\$ 78,744,178
Temporary note debt		<u>73,310,000</u>
Total direct debt		152,054,178
Less - assets in debt service fund available for payment of principal		<u>26,286,111</u>
Total net direct debt		<u>125,768,067</u>
Overlapping debt (1):		
Sedgwick County	74.68%	84,664,716
USD 259 (2)	65.94%	166,633,677
Wichita Public Building Commission	100.00%	<u>17,925,000</u>
Total overlapping debt		<u>269,223,393</u>
Total direct and overlapping debt		<u><u>\$ 394,991,460</u></u>

(1) U.S.D. 259: \$70,875,000 outstanding principal held in escrow until call dates, resulting from the crossover refunding in 2004 and 2005. \$33,085,000 (series 2004) is to be called in 2010 and \$37,790,000 (Series 2005) is to be called in 2011.

(2) Percentage of overlapping debt based on assessed valuation.

December 31, 2004		December 31, 2005	
Percentage of debt applicable to City	City of Wichita share of debt	Percentage of debt applicable to City	City of Wichita share of debt
	\$ 75,253,087		\$ 62,211,487
	<u>52,300,000</u>		<u>66,180,000</u>
	127,553,087		128,391,487
	<u>65,957,965</u>		<u>32,113,494</u>
	<u>61,595,122</u>		<u>96,277,993</u>
74.61%	76,738,883	74.45%	69,085,878
65.41%	179,747,968	64.59%	194,147,852
100.00%	<u>16,550,000</u>	100.00%	<u>14,950,000</u>
	<u>273,036,851</u>		<u>278,183,730</u>
	<u>\$ 334,631,973</u>		<u>\$ 374,461,723</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF WATER UTILITY REVENUE BOND COVERAGE 1996 TO 2005 INCLUSIVE

Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Annual Debt Service Requirements ³	Coverage Ratio
1996	\$ 24,659,040	\$ 13,871,715	\$ 10,787,325	\$ 5,127,548	2.10
1997	25,418,775	13,532,744	11,886,031	6,519,080	1.82
1998	30,785,734	15,244,191	15,541,543	6,853,266	2.27
1999	27,341,518	15,425,735	11,915,783	7,254,413	1.64
2000	32,777,828	16,627,483	16,150,345	8,580,246	1.88
2001	36,728,653	17,479,825	19,248,828	9,067,078	2.12
2002	37,687,076	17,829,147	19,857,929	9,289,867	2.14
2003	36,426,956	17,911,055	18,515,901	10,892,117	1.70
2004	38,058,641	18,752,444	19,306,197	12,074,457	1.60
2005	42,081,394	21,013,745	21,067,649	11,885,431	1.77

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions with non-cash capital contributions being excluded.

² Total operating expenses including payments required under the contract with Bureau of Reclamation and exclusive of depreciation.

³ Total debt service requirements excludes the unbonded payments required under the contract with Bureau of Reclamation. The final contract payment was made in 2005.

SCHEDULE OF SEWER UTILITY REVENUE BOND COVERAGE 1996 TO 2005 INCLUSIVE

Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Annual Debt Service Requirements	Coverage Ratio
1996	\$ 22,390,856	\$ 12,671,220	\$ 9,719,636	\$ 3,958,638	2.46
1997	22,041,016	12,416,509	9,624,507	4,790,108	2.01
1998	23,776,072	12,744,377	11,031,695	5,890,201	1.87
1999	22,269,290	13,173,497	9,095,793	6,433,431	1.41
2000	25,015,390	13,494,073	11,521,317	6,778,935	1.70
2001	25,242,591	14,768,401	10,474,190	7,000,505	1.50
2002	27,052,691	15,938,358	11,114,333	6,506,508	1.71
2003	27,813,940	16,251,949	11,561,991	9,005,649	1.28
2004	28,198,375	16,486,958	11,711,417	10,404,191	1.13
2005	30,684,667	17,327,278	13,357,389	10,206,504	1.31

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions with non-cash capital contributions being excluded.

² Total operating expenses exclusive of depreciation.

CITY OF WICHITA, KANSAS

PRINCIPAL TAXPAYERS

DECEMBER 31, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation \$3,037,717,928</u>
City of Wichita:			
Southwestern Bell	Communication	\$ 43,931,894	1.45%
Kansas Gas & Electric	Electric utility	41,148,388	1.35%
Wesley Medical Center	Health care services	36,660,439	1.21%
Simon Property Group	Shopping mall	30,457,488	1.00%
Kansas Gas Service	Gas utility	12,837,873	0.42%
Koch Real Estate Holdings	Oil and gas	10,061,548	0.33%
Target Corporation	Retailer	10,046,630	0.33%
Boeing Military Airplane	Aircraft manufacturing	8,318,914	0.27%
Cox Communications Inc	Communication	7,539,182	0.25%
Bradley Fair One LLC	Retailer	6,798,615	0.22%
		<u>\$ 207,800,971</u>	<u>6.83%</u>

		<u>2005 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation \$4,081,644,791</u>
Sedgwick County:			
Kansas Gas & Electric	Electric utility	\$ 74,309,612	1.82%
Boeing Military Airplane	Aircraft manufacturing	59,285,191	1.45%
Southwestern Bell	Communication	55,110,198	1.35%
Mid-Western Aircraft Sys	Aircraft manufacturing	47,870,561	1.17%
Wesley Medical Center	Health care services	36,705,064	0.90%
Simon Property Group	Shopping mall	30,457,488	0.75%
Cessna Aircraft Co	Aircraft manufacturing	24,105,770	0.59%
Raytheon Aircraft Company	Aircraft manufacturing	17,412,202	0.43%
Kansas Gas Service	Gas utility	17,100,542	0.42%
Wal-Mart Stores	Retailer	14,127,218	0.35%
		<u>\$ 376,483,846</u>	<u>9.23%</u>

CITY OF WICHITA, KANSAS

DEMOGRAPHIC STATISTICS 1996 TO 2005 INCLUSIVE

Fiscal Year	Population ¹	Per Capita Income ²	Median Age ³	School Enrollment ⁴	Percent Unemployment ⁵
1996	324,991	\$ 24,378	32.9	47,423	4.3%
1997	328,576	25,850	33.0	47,875	3.4
1998	333,680	27,271	33.1	48,454	3.3
1999	335,562	27,167	33.3	48,547	3.3
2000	344,284	28,447	33.4	49,100	4.2
2001	352,160	30,822	33.6	49,147	4.2
2002	354,306	30,669	33.7	48,962	6.0
2003	354,490	30,778	33.9	49,065	6.9
2004	353,823	31,443	34.0	48,818	6.2
2005	353,115	32,298	34.2	48,865	5.6

¹1996-2004, Bureau of the Census;

2005 Center for Economic Development, Wichita State University (Estimated)

Note the Census Bureau's estimates from 1995 through 1999 have not been re-benchmarked since the release of the 2000 cen:

²1996-2003 Bureau of Economic Analysis;

2004-2005 Center for Economic Development, Wichita State University (Estimated)

³1996-1999, 2001 Center for Economic Development, Wichita State University (Estimated);

2000, Bureau of the Census

2002-2005, Claritas (Estimated)

⁴Wichita School District, USD 259

⁵Kansas Department of Human Resources, Wichita MSA

BANK DEPOSITS AND CONSTRUCTION ACTIVITY 1996 TO 2005 INCLUSIVE

Year	Sedgwick Urban Residential Real Estate Valuation ¹	City of Wichita Building Permits ²		Sedgwick Cty Commercial Bank Deposits ³
		Number	Valuation	
1996	\$ 7,864,025,661	5,744	\$ 292,963,801	\$ 3,609,795,000
1997	8,292,245,817	6,600	363,253,891	3,807,705,000
1998	8,809,701,983	6,566	385,392,078	3,966,725,000
1999	9,699,726,226	8,333	304,871,674	4,156,833,000
2000	10,683,463,157	7,349	324,796,525	3,491,000,000
2001	11,511,701,522	8,040	405,610,935	3,977,000,000
2002	12,083,753,826	8,441	415,663,000	4,317,000,000
2003	13,135,061,087	7,366	485,037,000	4,547,000,000
2004	13,829,053,035	7,495	542,872,000	4,695,000,000
2005	NA	7,548	486,796,000	4,897,000,000

¹State of Kansas, Department of Revenue, Division of Property Valuation for Sedgwick County.

²City of Wichita, Office of Central Inspection

³Center for Economic Development and Business Research, Wichita State University. Commercial bank deposits in Sedgwick County as of June 30, 2005 as reported by the Federal Deposit Insurance Corporation.

—— SINGLE AUDIT SECTION ——

The Single Audit Section contains Independent Auditors' Reports, schedules, and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.



Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the financial statements of the City of Wichita, Kansas, as of and for the year ended December 31, 2005, and have issued our report thereon dated March 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Wichita's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wichita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2006
Wichita, Kansas



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INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,
THE PASSENGER FACILITY CHARGE PROGRAM, AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE PASSENGER FACILITY CHARGE AUDIT GUIDE

Honorable Mayor and City Council Members
City of Wichita, Kansas

Compliance

We have audited the compliance of the City of Wichita, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2005. The City of Wichita's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City of Wichita's management. Our responsibility is to express an opinion on the City of Wichita's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Guide. Those standards, OMB Circular A-133, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Wichita's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wichita's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2005.

Internal Control over Compliance

The management of the City of Wichita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City of Wichita's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program or the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 2006
Wichita, Kansas

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CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2005

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 3,219,388	\$ 3,353,778
Special Purpose Grant	14.225	82,499	20,817
Emergency Shelter Grants Program	14.231	185,444	185,427
Shelter Plus Care	14.238	600,249	600,249
HOME Investment Partnerships Program	14.239	2,185,521	2,101,475
Community Development Block Grants/ Economic Development Initiative	14.246	841,814	898,419
Public and Indian Housing	14.850	1,390,659	2,665,355
Resident Opportunity and Supportive Services	14.870	77,090	77,090
Section 8 Housing Choice Vouchers	14.871	13,198,092	13,358,379
Public Housing Capital Fund	14.872	1,474,071	1,474,071
Total U.S. Department of Housing and Urban Development		<u>\$ 23,254,827</u>	<u>\$ 24,735,060</u>
<u>U. S. Department of the Interior</u>			
Historic Preservation Fund Grants-In-Aid (4)	15.904	\$ 45,075	\$ 17,942
Outdoor Recreation - Acquisition, Development and Planning	15.916	-	184,614
Total U.S. Department of the Interior		<u>\$ 45,075</u>	<u>\$ 202,556</u>
<u>U.S. Department of Justice</u>			
Crime Victim Assistance	16.575	\$ 130,408	\$ 132,185
Byrne Formula Grant Program	16.579	-	32,308
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	223,612	229,832
Local Law Enforcement Block Grants Program	16.592	99,998	223,877
Planning, Implementing and Enhancing Strategies in Community Prosecution	16.609	23,631	46,695
Public Safety Partnership and Community Policing Grants	16.710	162,893	-
Memorial Justice Assistance	16.738	203,809	203,809
Total U.S. Department of Justice		<u>\$ 844,351</u>	<u>\$ 868,706</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	\$ 7,173,084	\$ 7,598,884
Highway Planning and Construction (3)	20.205	24,199,289	18,331,221
Federal Transit - Capital Investment Grants	20.500	49,193	49,193
Federal Transit - Formula Grants	20.507	4,185,163	3,004,887
Federal Transit - Access to Jobs	20.516	427,127	426,128
State and Community Highway Safety	20.600	-	1,084
Total U.S. Department of Transportation		<u>\$ 36,033,856</u>	<u>\$ 29,411,397</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2005

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>			
State Library Program	45.310	\$ 84,075	\$ 72,851
<u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 191,296	\$ 162,982
Water Pollution Control Program Support (1)	66.419	265,556	247,927
Capitalization Grants for Drinking Water (1)	66.468	-	40,797
Environmental Protection Consolidated Grant	66.600	51,828	50,702
Total U.S. Environmental Protection Agency		\$ 508,680	\$ 502,408
<u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	\$ 993,347	\$ 1,066,129
Child Care Facility License (1)	93.596	301,956	290,001
Total U.S. Department of Health and Human Services		\$ 1,295,303	\$ 1,356,130
<u>Federal Emergency Management Agency</u>			
Public Assistance Grants (5)	97.036	\$ 5,741,490	\$ 6,011,835
Assistance to Firefighters Grants (5)	97.044	-	297,408
Total Federal Emergency Management Agency		\$ 5,741,490	\$ 6,309,243
Total revenue and expenditures of federal awards		\$ 67,807,657	\$ 63,458,351

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Department of Commerce
- (3) Federal assistance is passed through from the Kansas Department of Transportation
- (4) Federal assistance is passed through from the Kansas Department of Administration
- (5) Federal assistance is passed through from the Kansas Adjutant General

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, Audits of States Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 3,183,516
Home Investment Partnerships Program	14.239	2,437,920

3. Community Services Block Grant

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Department of Commerce. Expenditures for the grant program years ending June 30, 2005 and June 30, 2006 are summarized in the following tables.

CSBG Grant Program Year Ended June 30, 2005					
	<u>Budget</u>	<u>Actual</u>			<u>Variance</u>
	<u>July 1, 2004 to June 30, 2005</u>	<u>July 1 to Dec 31, 2004</u>	<u>January 1 to June 30, 2005</u>	<u>Total</u>	
Revenue	\$ 1,008,571	\$ 420,200	\$ 588,371	\$1,008,571	\$ -
Expenditures:					
Personnel	314,466	119,440	195,026	314,466	-
Contractuals	618,522	203,015	415,507	618,522	-
Commodities	62,147	14,296	47,851	62,147	-
Capital Outlay	13,436	-	13,436	13,436	-
Total expenditures	\$ 1,008,571	\$ 336,751	\$ 671,820	\$1,008,571	\$ -

CSBG Grant Program Year Ended June 30, 2006		
	<u>Budget</u>	<u>Actual</u>
	<u>July 1, 2005 to June 30, 2006</u>	<u>July 1 to December 31, 2005</u>
Revenue	\$ 1,000,380	\$ 375,142
Expenditures:		
Personnel	283,797	93,092
Contractuals	654,817	245,949
Commodities	41,766	25,434
Capital Outlay	20,000	-
Total expenditures	\$ 1,000,380	\$ 364,475

4. Emergency Community Services for the Homeless

The Emergency Community Services for the Homeless Grant is passed to the City of Wichita through the Kansas Department of Commerce. Expenditures for the grant program years ending June 30, 2005 and June 30, 2006 are summarized in the following tables.

Emergency Community Services for the Homeless Grant Year Ended June 30, 2005					
	Budget		Actual		Variance
	July 1, 2004 to June 30, 2005	July 1 to Dec 31, 2004	January 1 to June 30, 2005	Total	
Revenue	\$ 60,553	\$ 21,194	\$ 39,359	\$ 60,553	\$ -
Expenditures:					
Personnel	17,419	8,265	9,154	17,419	-
Contractuals	31,491	7,611	23,880	31,491	-
Commodities	11,643	5,335	6,308	11,643	-
Total expenditures	\$ 60,553	\$ 21,211	\$ 39,342	\$ 60,553	\$ -

Emergency Community Services for the Homeless Grant Year Ended June 30, 2006		
	Budget	Actual
	July 1, 2005 to June 30, 2006	July 1 to December 31, 2005
Revenue	\$ 59,526	\$ 24,770
Expenditures:		
Personnel	18,113	6,506
Contractuals	21,413	10,893
Commodities	20,000	7,371
Total expenditures	\$ 59,526	\$ 24,770

City of Wichita, Kansas

WICHITA AIRPORT AUTHORITY SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2005

Wichita Airport Authority Passenger Facility Charges (PFC)¹				
<u>Approved Application Project Number</u>	<u>Unliquidated PFC Beginning Balance</u>	<u>PFC Collected</u>	<u>PFC Expended</u>	<u>Unliquidated PFC Ending Balance</u>
96-02-C-00	\$ 1,249,191	\$ -	\$ -	\$ 1,249,191
98-03-C-00	4,217,665	-	1,949,189	2,268,476
03-04-C-00	1,235,484	2,699,423	744,829	3,190,078
Total	<u>\$ 6,702,340</u>	<u>\$2,699,423</u>	<u>\$ 2,694,018</u>	<u>\$ 6,707,745</u>

¹ The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Change Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts in or used in the preparation of the basic financial statements.

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2005

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 yes X no

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2005
(Continued)

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.218	<i>Community Development Block Grants / Entitlement Grants</i>
20.106	<i>Airport Improvement Program</i>
20.500 / 20.507	<i>Federal Transit Grants</i>
97.036	<i>Public Assistance Grants</i>

Dollar threshold used to distinguish
between type A and type B programs:

\$ 1,903,751

Auditee qualified as low-risk auditee?

X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported.

WATER AND SEWER SECTION

The Water and Sewer Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Water & Sewer Department
Director's Office
City Hall – Eighth Floor
455 North Main
Wichita, Kansas 67202

April 21, 2006

To our Water and Sewer Bondholders:

On behalf of the City of Wichita and its Water and Sewer Utility, I am pleased to present our 2005 Annual Report.

Wichita continues to uphold its tradition of excellence. Our mission as the premier water and sewer utility in the region is to provide high quality, reliable, customer convenient water and sewer service that represents extraordinary value. That mission is achieved by ensuring effectiveness, efficiency, fiscal responsibility, accountability, responsiveness, customer friendliness, and accessibility, while increasing productivity.

The Wichita Water and Sewer Department treats and distributes potable water, and collects and processes wastewater, for about 500,000 people in south central Kansas. Services include maintaining about 3,800 miles of sewer and water mains, with related facilities, and working with developers to provide infrastructure for continued growth.

The Utilities continue to seek increased operational efficiency, invest in capital for future operations, and to improve the quality of the delivered product and services. During 2005, a new state of the art ozone treatment process was completed and began operations. After several taste and odor occurrences in 2003, the Utility began feeding powdered activated carbon (PAC) to the raw water from Cheney Reservoir while proceeding with a design/build project for ozonation. The ozonation plant was completed in the spring of 2005 and replaced the PAC treatment of the raw water. Since the Utility began using PAC on the raw water, no additional taste and odor occurrences were experienced.

In 2004, the utility initiated a program to systematically install automated meter reading devices (AMRs) for approximately 20 percent of our customers. The AMRs have enabled the Water Utility to read meters in 2 man hours that would have required 50 man hours. The AMR implementation continued in 2005 with the installation of over 10,000 additional units. In addition, both software and hardware for the AMR system were updated to make the data collection process more efficient.

During 2005, the Sewage Treatment Division selected a site located on the Mid-Continent Airport for its newest facility. The Utility is currently in the development stages for the design and land acquisition of the property. The department is working closely with the Wichita Airport Authority and the Federal Aviation Administration to transfer ownership of the land and obtain approval for the construction. The project is scheduled for completion in 2008.

Development of the integrated Water Supply Plan continues in order to meet the needs of the Utility's customers through 2050. In 2005, the City obtained all necessary permits to proceed with Phase I of the Equus Beds Aquifer Storage and Recovery Project. The project will allow the Utility to capture water from the Little Arkansas River after rainfall events and recharge the aquifer for later use.

My gratitude is extended to the employees for making our operations successful. Without the employees' continuous efforts, the Utilities would be unable to provide our customers with high quality, reliable water and sewer service that is currently enjoyed by the community.

David R. Warren, Director
Water and Sewer Department

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

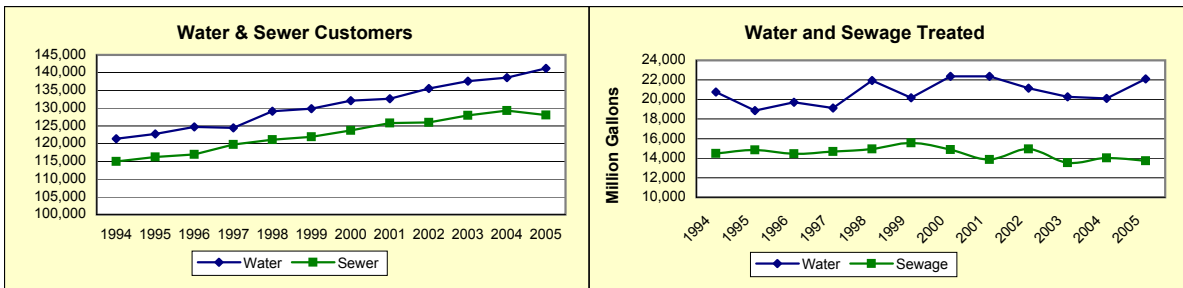
UNAUDITED

WATER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Million Gallons)	
	2005	2004	2005	2004	2005	2004
Residential	124,141	121,529	\$ 20,855,568	\$ 20,633,247	10,367	9,355
Commercial / Industrial	12,687	12,687	11,156,816	10,583,041	7,809	7,362
Institutional	-	-	-	-	-	-
Wholesale	12	12	1,904,646	1,316,910	1,401	1,373
Lawn Services	2,912	2,912	-	-	-	-
Fire Protection	1,103	1,103	118,940	116,749	-	-
Contract	372	361	763,853	584,576	407	318
Other Sales	-	-	205,548	220,550	18	83
Estimated Leaks	-	-	-	-	19	28
Water Utility Uses	22	22	-	-	266	264
Unaccounted for Water	-	-	-	-	1,815	1,327
	141,249	138,626	\$ 35,005,371	\$ 33,455,073	22,102	20,110

SEWER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2005	2004	2005	2004
Residential	116,423	117,548	\$ 14,413,230	\$ 13,958,288
Commercial	10,801	10,868	7,922,501	6,941,262
Industrial	24	22	3,919,135	3,093,437
Institutional	784	801	410,970	569,310
Wholesale	1	1	59,655	76,720
Other	-	-	86,376	37,658
Extra Strength	25	26	1,378,764	1,203,819
	128,058	129,266	\$ 28,190,631	\$ 25,880,494



REPORT IN BRIEF

	2005	2004	CHANGE
Number of Water Customers	141,249	138,626	1.89%
Number of Sewer Customers	128,058	129,266	-0.93%
Miles of Water Line	2,031	2,006	1.25%
Miles of Sanitary Sewer Line	1,928	1,919	0.47%
Water Produced (Million Gallons)	22,102	20,110	9.91%
Wastewater Treated (Million Gallons)	13,719	14,033	-2.24%
Cost of Treated, Pressurized Water per 1000 gal.	\$0.34	\$0.36	-5.56%
Cost of Treated Wastewater per 1000 gal.	\$0.61	\$0.58	5.17%

CITY OF WICHITA, KANSAS
WATER AND SEWER UTILITIES
NET REVENUES AVAILABLE FOR DEBT SERVICE AND
CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES
For the year ended December 31, 2005

UNAUDITED

	Water	Sewer	Combined
REVENUES			
Charges for services	\$ 36,025,219	\$ 28,668,764	\$ 64,693,983
Investment earnings	725,689	260,929	986,618
Capital contributions - cash	5,086,282	1,601,348	6,687,630
Bond discount amortization	138,233	147,210	285,443
Other	105,971	6,416	112,387
Gross earnings	<u>42,081,394</u>	<u>30,684,667</u>	<u>72,766,061</u>
OPERATIONS AND MAINTENANCE			
Personal services	7,890,589	8,744,889	16,635,478
Contractual services	6,966,027	4,489,319	11,455,346
Materials and supplies	2,987,844	2,257,910	5,245,754
Administrative charges	852,640	205,060	1,057,700
Contributions to the city	2,031,550	1,630,100	3,661,650
Payment for cheney reservoir	285,095	-	285,095
Total operations and maintenance	<u>21,013,745</u>	<u>17,327,278</u>	<u>38,341,023</u>
Net revenues available for debt service	<u>\$ 21,067,649</u>	<u>\$ 13,357,389</u>	<u>\$ 34,425,038</u>
REVENUE BONDS DEBT SERVICE	\$ 11,878,138	\$ 10,206,504	\$ 22,084,642
DEBT SERVICE COVERAGE RATIO	1.77	1.31	1.56
Gross earnings	\$ 42,081,394	\$ 30,684,667	\$ 72,766,061
Less: other non operating revenue	42,457	-	42,457
Less: investment earnings	725,689	260,929	986,618
Less: capital contributions	5,086,282	1,601,348	6,687,630
Less: bond discount amortization	138,233	147,210	285,443
Operating revenues	<u>\$ 36,088,733</u>	<u>\$ 28,675,180</u>	<u>\$ 64,763,913</u>
CAPITAL EXPENDITURES FROM OPERATING REVENUES	\$ 2,312,947	\$ 327,916	\$ 2,640,863

PROPERTY INSURANCE

Insurance Company	2005 Deductible	Period covered	Detail of Coverage
Allianz	\$100,000 per occurrence	1-05 to 1-06	* All risk coverage on real and personal property.
Allianz	\$10,000 per occurrence	1-05 to 1-06	*Comprehensive coverage for steam boilers, air conditioning and electric motors.

*Property insurance for the Utility is included in the City's coverage. Limits shown are for the entire City.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED BALANCE SHEET

December 31, 2005

(with comparative totals for December 31, 2004)

	2005	2004
ASSETS		
Current assets:		
Cash and temporary investments	\$ 7,331,132	\$ 7,011,170
Receivables, net	8,639,584	6,702,654
Inventories	1,142,012	1,127,246
Prepaid items	1,054	1,054
Restricted assets:		
Cash and temporary investments	15,805,647	13,879,842
Total current assets	<u>32,919,429</u>	<u>28,721,966</u>
Noncurrent assets:		
Restricted assets:		
Cash and temporary investments	50,845,766	40,851,529
Capital assets:		
Land	12,257,245	11,732,843
Buildings	147,942,844	147,703,726
Improvements other than buildings	596,034,852	567,679,343
Machinery, equipment and other assets	59,678,449	57,806,870
Construction in progress	103,166,546	77,021,154
Less accumulated depreciation	(205,444,820)	(190,152,487)
Total capital assets (net of accumulated depreciation)	713,635,116	671,791,449
Other assets	4,063,888	3,574,271
Total noncurrent assets	<u>768,544,770</u>	<u>716,217,249</u>
Total assets	<u>\$ 801,464,199</u>	<u>\$ 744,939,215</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,636,413	\$ 1,300,540
Accrued interest payable	271,606	226,019
Deposits	2,276,701	1,885,881
Current portion of long-term obligations:		
Contracts payable	-	277,803
Compensated absences	-	664,866
Current liabilities payable from restricted assets:		
Accrued interest payable	-	2,943,320
Revenue bonds payable	3,301,955	10,936,522
Total current liabilities	<u>7,486,675</u>	<u>18,234,951</u>
Noncurrent liabilities:		
Revenue bonds	263,142,880	231,566,573
Unamortized deferred refunding	(2,705,301)	(805,511)
Unamortized revenue bond premium	11,391,820	5,254,065
Compensated absences	101,745	103,224
Total noncurrent liabilities	<u>271,931,144</u>	<u>236,118,351</u>
Total liabilities	<u>279,417,819</u>	<u>254,353,302</u>
NET ASSETS		
Invested in capital assets, net of related debt	437,691,545	432,948,727
Restricted for:		
Debt service	3,206,131	2,840,144
Revenue bond reserves	48,145,537	40,612,961
Unrestricted	19,782,827	14,184,081
Total net assets	<u>508,826,040</u>	<u>490,585,913</u>
Total liabilities and net assets	<u>\$ 788,243,859</u>	<u>\$ 744,939,215</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 63,105,717	\$ 59,633,044
Cash payments to suppliers for goods and services	(17,433,611)	(15,798,030)
Cash payments to employees for services	(16,585,175)	(16,130,927)
Franchise fees and payments in lieu of delinquent specials	(3,661,650)	(3,477,700)
Other operating revenues	58,875	43,968
Net cash provided by (used in) operating activities	<u>25,484,156</u>	<u>24,270,355</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	(2,480,153)
Interfund loan	(3,022,145)	-
Net cash provided by (used in) noncapital financing activities	<u>(3,022,145)</u>	<u>(2,480,153)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	119,205,000	-
Premiums from the sale of bonds	6,658,458	-
Accrued interest from the sale of bonds	252,927	-
Bond issuance costs paid	(1,629,459)	-
Additions to property, plant and equipment	(43,308,095)	(30,693,983)
Debt service - principal	(87,536,164)	(10,680,409)
Debt service - interest	(11,609,243)	(12,083,140)
Proceeds from sale of assets	70,321	87,463
Capital contributions	6,687,630	6,751,163
Net cash provided by (used in) capital and related financing activities	<u>(11,208,625)</u>	<u>(46,618,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	986,618	634,087
Net cash provided by investing activities	<u>986,618</u>	<u>634,087</u>
Net increase (decrease) in cash and temporary investments	12,240,004	(24,194,617)
Cash and temporary investments - January 1	61,742,541	85,937,158
Cash and temporary investments - December 31	<u>\$ 73,982,545</u>	<u>\$ 61,742,541</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 10,041,711	\$ 9,531,129
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	16,666,274	14,869,715
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,936,930)	232,525
(Increase) decrease in inventory	(14,766)	96,378
(Increase) decrease in prepaid items	-	454
(Decrease) in accounts payable/accrued expenses	339,955	(544,727)
(Decrease) increase in deposits	337,609	59,141
Increase in compensated absences	50,303	25,740
Total adjustments	<u>15,442,445</u>	<u>14,739,226</u>
Net cash provided by (used in) operating activities	<u>\$ 25,484,156</u>	<u>\$ 24,270,355</u>
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Assets contributed by benefit districts	\$ 11,144,134	\$ 9,903,254
Capital contributed for capital purposes	888,275	-
Contribution of capital assets	-	269,179

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	2005	2004
OPERATING REVENUES		
Charges for services and sales	\$ 64,693,983	\$ 59,335,567
Rentals	11,055	5,811
Other	58,875	43,968
Total operating revenues	<u>64,763,913</u>	<u>59,385,346</u>
OPERATING EXPENSES		
Personal services	16,635,478	16,156,667
Contractual services	11,455,346	9,333,005
Materials and supplies	5,245,754	4,960,940
Administrative charges	1,057,700	1,056,190
Franchise fees and payments in lieu of delinquent specials	3,661,650	3,477,700
Depreciation	16,666,274	14,869,715
Total operating expenses	<u>54,722,202</u>	<u>49,854,217</u>
Operating income (loss)	<u>10,041,711</u>	<u>9,531,129</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	986,618	634,087
Other revenues (expenses)	4,082	(263,396)
Interest expense	(8,753,360)	(8,466,659)
Gain (Loss) from sale of assets	(22,261)	(200,152)
Bond discount amortization	285,443	35,640
Total nonoperating revenues (expenses)	<u>(7,499,478)</u>	<u>(8,260,480)</u>
Income (loss) before contributions and transfers	2,542,233	1,270,649
CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS		
Capital contributions - cash	6,687,630	6,090,345
Capital contributions - noncash	12,032,409	10,833,251
Transfers from other funds	-	99,058
Transfers to other funds	<u>(3,022,145)</u>	<u>(2,579,211)</u>
Change in net assets	18,240,127	15,714,092
Net assets - beginning	<u>490,585,913</u>	<u>474,871,821</u>
Total net assets - ending	<u>\$ 508,826,040</u>	<u>\$ 490,585,913</u>

The accompanying notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Water and Sewer Utility Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All users, including other City Departments, are charged for services. Uncollected sales, billed or unbilled, are recorded in the financial statements net of amounts estimated to be uncollectible as of December 31, 2005.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from nonexchange transactions are included in nonoperating revenues.

C. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents, as reported in the Statement of Cash Flows, is defined as all cash and temporary investments, both restricted and unrestricted. Temporary investments generally have an original maturity of 90 days or less.

D. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

1. Summary of Significant Accounting Policies (continued)

E. Capital Assets

Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated depreciation is reported on the proprietary funds' balance sheet. Capital assets of the utilities are depreciated using the straight line method over the following estimated useful lives:

Assets Classification	Year
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Water/Sewer mains and drainage	75-85

F. Capitalized Interest

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2004 and 2005, total interest cost of the combined Water and Sewer Utility Fund was \$12,128,149 and \$12,017,816 of which \$3,661,490 and \$3,264,456 respectively was capitalized.

G. Payment of Franchise Fees

Annually, the Water Utility and Sewer Utility pay franchise fees to the General Fund of the City an amount not to exceed five percent of gross revenues for the preceding year, which is included in the annual budget. The combined utility paid to the General Fund of the City \$3,327,150 in 2005 and paid to the General Fund of the City in 2004 a total of \$3,143,200. The payment of franchise fees is an operating expense passed through to the Utilities' customers.

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the financial statements.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave. Sick leave benefits accrue to full time employees at varying rates, depending on the employees length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

NOTES TO THE WATER AND SEWER FUND
FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2005

CITY OF WICHITA KANSAS

1. Summary of Significant Accounting Policies (continued)

I. Bond Issuance Costs

Bond issuance costs are being amortized using the straight-line method of amortization over the life of the bonds.

J. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

2. Cash and Investments

At December 31, 2005 and 2004, the combined Utility's cash and temporary investments in the amount of \$73,982,545 and \$61,742,541 respectively are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent person" standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the *Note 5 – Cash, Investments and Securities Lending* located in the Financial Section, Notes to the Financial Statements of this publication.

3. Capital Assets

Capital asset activity of the of the Water and Sewer Utilities for the year ended December 31, 2005 is shown as follows (expressed in thousands of dollars):

	Balance January 1	Increases	Decreases	Balance December 31
Capital assets, not being depreciated:				
Land	\$ 11,733	\$ 648	\$ (124)	\$ 12,257
Construction in progress	77,021	38,295	(12,150)	103,166
Total capital assets, not being depreciated	<u>88,754</u>	<u>38,943</u>	<u>(12,274)</u>	<u>115,423</u>
Capital assets, being depreciated:				
Buildings	147,704	239	-	147,943
Improvements other than buildings	567,679	28,454	(98)	596,035
Machinery, equipment and other assets	57,807	3,393	(1,522)	59,678
Total capital assets being depreciated	<u>773,190</u>	<u>32,086</u>	<u>(1,620)</u>	<u>803,656</u>
Less accumulated depreciation for:				
Buildings	(50,630)	(3,311)	-	(53,941)
Improvements other than buildings	(111,235)	(8,714)	-	(119,949)
Machinery, equipment and other assets	(28,287)	(4,641)	1,374	(31,554)
Total accumulated depreciation	<u>(190,152)</u>	<u>(16,666)</u>	<u>1,374</u>	<u>(205,444)</u>
Total capital assets, net	<u>\$ 671,792</u>	<u>\$ 54,363</u>	<u>\$ (12,520)</u>	<u>\$ 713,635</u>

4. Retirement Funds

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2005 and December 31, 2004 was \$14,275,213 and \$13,666,948 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The Utility is required to contribute at an actuarially determined rate; the rate for 2005 was 4.7 percent of annual covered payroll for both Plans 1 and 2.

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2005, the Utility's annual pension cost of \$592,738 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the individual entry age actuarial cost method. The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fourth year this smoothing method has been used.

The actuarial value of the entire WERS assets as of December 31, 2005 and December 31, 2004 were respectively \$479,275,000 and \$462,994,000 while the actuarially determined accrued liability was \$433,297,000 and \$413,159,000 respectively. Assets in excess of the actuarial accrued liability at the end of 2005 were \$45,978,000 and at the end of 2004 \$49,835,000.

For the year ending December 31, 2005, employee and employer contributions to all pension plans for the Utility totaled \$625,434 and \$592,738 respectively.

5. Self-Insurance Fund

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. Beginning in 1996, the City chose a fully insured health plan to replace the self-insured plan previously offered. Beginning in 2006, the City converted the life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. The Utility participates in self insurance fund programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability.

Worker's Compensation: The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level.

Group Life Insurance: Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City. Benefit levels are based on employee compensation.

The City offers additional supplemental life for employees, voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans.

General Liability: The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

Additional information on the insurance programs is located in the Notes to the Comprehensive Annual Financial Report, which begin on page A-36 of this publication.

6. Long-Term Debt

A. Revenue Bonds

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at December 31, 2005 are as follows (expressed in thousands of dollars):

<u>Outstanding issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
1998-Water & Sewer	4.25 - 4.70%	2012	\$ 16,435
1999-Water & Sewer	4.00 - 6.00%	2018	9,460
2000A-Water	4.69%	2021	2,288
2000B-Water	4.69%	2021	3,939
2001-Water & Sewer	3.30 - 5.00%	2009	8,950
2003-Water & Sewer	2.00 - 5.25%	2028	118,365
2005A-Water & Sewer Refunding	3.00 - 5.00%	2016	42,540
2005B Water & Sewer Refunding	2.95 - 3.94%	2016	26,695
2005C Water & Sewer	3.25 - 5.125%	2030	46,975
Total Water and Sewer Utility bonded debt			<u>\$ 275,647</u>

NOTES TO THE WATER AND SEWER FUND
FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2005

CITY OF WICHITA KANSAS

6. Long-Term Debt (continued)

A. Revenue Bonds (continued)

Changes in the long-term liability for the year ended December 31, 2005 are summarized in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$242,503	\$ 119,205	\$ (86,061)	\$275,647	\$12,504
Deferred amount on refunding	(805)	(2,101)	201	(2,705)	-
Unamortized premium	<u>5,254</u>	<u>6,659</u>	<u>(521)</u>	<u>11,392</u>	<u>-</u>
Total bonds payable	246,952	123,763	(86,381)	284,334	12,504
Contract payable	278	-	(278)	-	-
Compensated absences	<u>768</u>	<u>834</u>	<u>(784)</u>	<u>818</u>	<u>717</u>
Total long-term liabilities –					
Water and Sewer Utility	<u>\$247,998</u>	<u>\$ 124,597</u>	<u>\$(87,443)</u>	<u>\$ 285,152</u>	<u>\$ 13,221</u>

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 12,504	\$ 12,964
2007	13,066	12,479
2008	12,825	11,985
2009	13,809	11,484
2010	13,518	10,888
2011 – 2015	76,548	43,998
2016 – 2020	63,733	25,514
2021 – 2025	47,829	11,626
2026 – 2030	<u>21,815</u>	<u>2,495</u>
Totals	<u>\$ 275,647</u>	<u>\$ 143,433</u>

B. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2005, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

<u>Account</u>	<u>Amount</u>	<u>Expenses</u>
Unrestricted revenue	Amount deemed reasonable and necessary to pay expense of operation and maintenance for the ensuing 60 days	Expenses for operation, repair and maintenance for the Utility
Principal and Interest	An equal prorate portion of the next semi-annual interest payment plus the semiannual principal maturity on the first day of each month which is sufficient to meet the maturing bond and interest requirements.	Payment of principal and interest on revenue bonds

6. Long-Term Debt (continued)

B. Revenue Bond Ordinance Provisions and Reserve Requirements (continued)

Account	Amount	Expenses
Bond Reserve	All Utility revenue bonds are guaranteed by an alternate credit facility. Therefore a bond reserve is not required.	
Depreciation and replacement	\$5,000 monthly, or the amount available after above allocations, until 15% of the operating revenues of the preceding year are accumulated.	To be used for the purpose of extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utility.
Improvement	Amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days shall be credited to the account.	May be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund.

At December 31, 2005 and 2004, cash determined in accordance with the revenue requirements was \$7,331,132 and \$7,011,169.

Water and Sewer Utility Restricted Assets		
	2005	2004
Principal and Interest	\$18,505,876	\$14,118,410
Depreciation and Replacement	6,163,158	5,719,102
Improvement	41,982,379	34,893,860
	<u>\$66,651,413</u>	<u>\$54,731,372</u>

C. Current and Advance Refunding of Long-Term Debt

Current Refunding: On May 12, 2005, Series 2005A Water and Sewer Utility Refunding Revenue Bonds in the amount \$45,535,000 were issued with a net interest cost of 3.85 percent for a current refunding of Series 1997 Water and Sewer Utility Revenue Bonds with a net interest cost of 4.61 percent. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,026,283, which is recorded as a reduction in long-term liabilities and will be amortized to operations through the year 2016.

6. Long-Term Debt (continued)

C. Current and Advance Refunding of Long-Term Debt (continued)

The City completed the current refunding to reduce the debt service payments over the next 11 years by \$1,982,535 and to obtain an economic gain of \$1,611,699. As a result of the current refunding, the refunded bonds are considered to be defeased and have been removed from the long-term debt of the Water and Sewer Utilities.

Advance Refunding: On August 17, 2005, Series 2005B Water and Sewer Utility Refunding Revenue Bonds in the amount \$26,695,000 were issued with a net interest cost of 3.94 percent for an advance refunding of Series 1999 Water and Sewer Utility Revenue Bonds with a net interest cost of 4.97 percent. Proceeds of the Series 2005 B Bonds together with other funds of the Water and Sewer Utility shall be used to pay debt service on the Series 1999 Bonds up to the redemption date and including the redemption of the bonds.

The funds have been deposited in an irrevocable escrow fund established with the Security Bank of Kansas City, Kansas to redeem the bonds at the earliest call date. Any funds remaining in the escrow fund after payment of the refunded bonds shall be applied to the payment of the debt service requirements on the Series 2005 Bonds. As a result of the advance refunding, the refunded bonds are considered to be defeased and have been removed from the long-term debt of the Water and Sewer Utilities. The Series 1999 Bonds maturing in October 1, 2017 and October 1, 2018 will remain outstanding and are reflected in the outstanding debt of the respective Utilities.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,076,050, which is recorded as a reduction in long term liabilities and will be amortized to operations through the year 2016. The City completed the advance refunding to reduce the total debt service payments over the following 11 years by \$1,845,737 and to obtain an economic gain of \$1,591,862.

7. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. As of December 31, 2005, the Utility did not have any temporary notes outstanding.

8. Segment Information

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2005 is located in the Financial Section of this publication.

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